

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Wednesday February 12 1986

The shape of aircraft in 1990s, Page 10

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World news Business summary

## Walesa slander charges dropped

Polish court authorities dropped criminal slander charges against Solidarity leader Lech Walesa at his trial yesterday, in a move he hailed as a first step towards compromise in Poland.

Walesa said later: "Reason has won out. This is the first step towards compromise since December 1981 (when martial law was declared in Poland)."

Walesa had told the court he never intended to slander anyone by publishing independent results of last autumn's parliamentary elections. Page 2.

## US ships off Libya

US Sixth Fleet warships took up positions north of Libya for four days of manoeuvres near the disputed Gulf of Sirte, which is claimed by Libyan leader Muammar Gaddafi.

## Apartheid move

South African Government said it would end laws enforcing apartheid in restaurants, bars and liquor stores, though owners would still have the right to refuse service.

## SDI invitation

The US has proposed that Soviet scientists visit American laboratories to inspect work on the SDI (Star Wars) project. US arms negotiator Donald Lovitt told the disarmament conference in Geneva, US priority, Page 3; Reagan optimistic, Page 7.

## Iran claim rejected

Iran said its troops had seized the Iraqi oil terminal at Fao on the northern shores of the Gulf, just six miles from Kuwaiti territory. The claim was rejected by Iraq, which said it had recaptured the strategic Shaat al Arab island of Umm al Hasas. Page 4.

## French offer

France offered former Haitian President Jean-Claude Duvalier temporary asylum on Friday after a late-night telephone request from the US, French External Affairs Minister Roland Dumas said.

## Suspects seized

Lebanese Christian militia members in Beirut seized 64 people whom they suspected of bombings that killed more than 30 people.

## Banker's bail block

A West German court rescinded bail for Count Ferdinand von Selen, the banker at the centre of the trial over the near-collapse of the SMH bank, only minutes after documents releasing him from prison had been signed.

## Spanish accord

An agreement between Madrid and leaders of the Muslim communities in two Spanish garrisons on Morocco's Mediterranean coast has defused tension in both enclaves. Page 2.

## Gandhi rethink

Indian Prime Minister Rajiv Gandhi has reconsidered his role as mediator in Sri Lanka's ethnic conflict and India has toughened its attitude to the Colombo Government. Page 4.

## Bulgarians hit back

Bulgaria's war of words with Turkey over allegations by Ankara that it is persecuting its ethnic Turkish minority intensified with a sharp attack by the Bulgarian news agency. Page 2.

## Call for fares cut

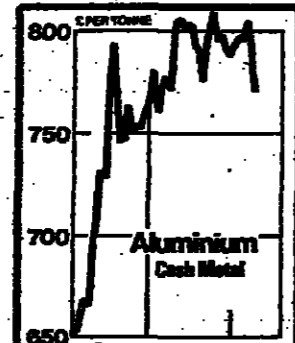
The EEC's economic and social committee called for lower European air fares through more competition among airlines but warned against the kind of deregulation seen in the US.

## Israel attorney quits

Israel's attorney-general, Yitzhak Zamir, is to resign. He said that after seven-and-a-half years in the job it was time for a new minister.

## Amstrad boosted by word processor

AMSTRAD, British computers and consumer electronics group, reported higher-than-expected pre-tax profits of £27.5m in the six months to December 31, about £7.5m more than it made in the whole of its last financial year. Page 18.



ALUMINIUM prices on the London Metal Exchange were weak, partly reflecting sterling's firmness. The cash quotation fell £18.50 to £770.50 a tonne. Page 32.

WALL STREET: At 3pm the Dow Jones industrial average was 3,556 down at 1,022.82. Page 40.

TOKYO: Market was closed for a national holiday. Hong Kong and Singapore also remained closed for the Chinese New Year celebrations. Institutions poised to return to Tokyo. Page 40.

LONDON: Stocks ended lower, depressed by the drop in North Sea oil prices. The FT-SE 100 share index dropped 7.5 to 1,433.9 and the FT Ordinary share index lost 3.9 to 1,151.4. Page 40.

DOLLAR was weak in London, falling to DM 2.3745 (DM 2.3855), SF 1.418 (SF 2.006), FF 7.2875 (FF 7.21) and Y187.35 (Y188.15). On Bank of England figures the dollar's index fell to 121.9 from 122.4. Page 33.

STERLING gained 35 points against the dollar in London to £1.412 but fell to DM 3.3255 (DM 3.38), SF 2.7975 (SF 2.825), FF 18.28 (FF 10.285) and Y284.5 (Y285.0). The pound's exchange rate index rose 0.1 to 74.2. Page 33.

GOLD fell \$4.00 on the London bullion market to \$338.00 and was \$4.50 lower in Zurich at \$335.35. Page 32.

EUROPEAN Commission is to call for the launch of a privately-financed investment company, to fund research in high technology within the EEC and close the gap with US and Japanese rivals.

IMF has taken a tougher-than-expected line with Peru, saying it must pay \$70m of arrears on its loans by April 15 or be declared ineligible to make further drawings. Page 7.

CBS, US broadcasting and entertainment group the share price of which continues to be buoyed by takeover speculation, reported a 22 per cent fall in 1985 income from continuing operations. Page 18.

AAP supermarket chain suspended sales of Tylenol after a New York woman died of cyanide poisoning after taking the Johnson & Johnson pain reliever. Page 7.

DAIMLER-BENZ, Leyland, Iveco and Steyr-Daimler-Puch have closed their heavy commercial vehicle assembly plants in Nigeria and Africa is operating at 30 per cent capacity because of a shortage of imported kits. Page 6.

PEMEX, Mexican state-oil concern, might recommend that a cut in its crude oil export prices be made before the end of this month, an official said.

AKZO, Dutch chemicals and fibres group, is seeking a new patent for its high-strength Aramid fibre in a move that could help get around a ban on exports of the fibre to the US.

## Israel ecstatic as Shcharansky flies in from the cold

MR ANATOLY SHCHARANSKY, the Soviet-Jewish human rights activist, received an ecstatic welcome on his arrival in Israel last night after his release as part of an East-West exchange of prisoners in Berlin, writes Leslie Collis in Berlin.

Elated, flown via Frankfurt, where he was reunited with his wife, Avital, whom he had not seen since their marriage in 1974, Mr Shcharansky was greeted at Tel Aviv airport by Mr Shimon Peres, the Israeli Prime Minister.

The dissident, who had been detained for nine years in Soviet prisons and labour camps, had proved "that you can arrest a body but not a spirit," Mr Peres said.

"One must praise those who remain behind and continue to fight the attitude of the KGB... of the modern-day pharaohs," said Mr

Shcharansky after making a "thank you" telephone call with Mr Peres to President Ronald Reagan.

In a ceremony which had been well publicised in advance by Moscow, Mr Shcharansky was freed in mid-morning, 25 minutes before the swap of eight convicted or suspected Western and Communist agents. The US had insisted on the dissident's prior release to mark its rejection of Soviet allegations that Mr Shcharansky was an American agent.

Mr Shcharansky was personally welcomed by Mr Richard Burt, the US Ambassador to West Germany, who stood with other Western and Eastern officials at the middle of Glienicke Bridge which links West Berlin with the East German city of Potsdam. It was the most highly publicised prisoner exchange on the

bridge since the swaps started in 1962 under a cloak of secrecy.

Smiling broadly and waving to reporters, Mr Shcharansky, aged 38, set off for Frankfurt and the reunion with his wife. After their marriage, she was allowed to emigrate to Israel and said the Soviet authorities had promised her husband would be allowed to follow in six months. But he was arrested in 1977 as one of the leaders of the unofficial Soviet human rights movement and sentenced in 1978 for 13 years as an alleged CIA agent. He spent the next eight years in Soviet labour camps and prisons.

The exchange itself was witnessed by dozens of reporters and cameramen on the western side of the bridge and was televised live in West Germany and the US. West Berlin policemen patrolled the ad-

acent snow-covered park while limousines and vans pulled up at both ends of the bridge. Normally it is closed to all but vehicles from Western military missions in Potsdam and Soviet military traffic.

Acting on meticulously planned directions, Ambassador Burt and Mr Francis Joseph Meehan, the US ambassador to East Germany, were driven from West Berlin to the white dividing line on the bridge. Mr Meehan got out and walked over to the eastern side where Mr Shcharansky was turned over to him.

A Mercedes Benz with East Berlin licence plates also drove on to the bridge from the western side. It carried the most important negotiator in the prisoner exchange, the smiling Mr Wolfgang Vogel, an East Berlin lawyer. He and Mr Ludwig

Rehlinger, State Secretary in Bonn's Ministry of Inner German Affairs, who negotiated together for months, supervised the exchange of the eight convicted and suspected agents. The prisoners were transferred into East German and US vans parked on the bridge.

Andrew Whitely writes from Jerusalem: President Chaim Herzog, praising Mr Shcharansky as "a symbol of all freedom and human rights fighters throughout the world," said he wished to thank in particular US President Ronald Reagan and Mr George S. Shultz, US Secretary of State, for their efforts in securing his release.

Leading Israeli politicians said they did not expect the release of the prominent Jewish dissident to presage a change in Soviet policy towards large-scale Jewish emigra-

tion. "We must not forget that our struggle is for the hundreds of thousands who remain behind," Mr Yitzhak Shamir, the Foreign Minister, declared.

In recent weeks Israel has softened its stand on Soviet participation in a possible international conference on the Palestinian question. Instead of insisting on the prior restoration of diplomatic relations with Israel by the Soviet Union, the Peres Government is linking its agreement closer to a relaxation of Soviet restrictions on Jewish emigration.

The release of Mr Shcharansky, after a long campaign led by his wife, now an Israeli citizen, is

Continued on Page 18

Spy swap specialist, Page 2

## Westland rescue may depend on 20% held by 6 mystery buyers

BY LIONEL BARBER IN LONDON

SIX MYSTERY shareholders, three represented by Swiss banks, control 20 per cent of Westland, giving them a decisive influence on today's shareholders' meeting which will vote on the ailing British helicopter maker's future.

The six shareholders emerged in a preliminary inquiry by the London Stock Exchange into share dealing in Westland last month. It means that, along with shareholders pledged to back either the European consortium rescue plan or the rival Sikorsky/Fiat offer, the future of the company rests in 12 hands.

The stock exchange inquiry revealed that 60 per cent of Westland's equity changed hands last month in 140 separate transactions. A three-man committee, headed by Mr Peter Wills, a former deputy chairman of the stock exchange, is to investigate whether any of the buying was carried out in concert with supporters of the rival camps.

Sir John Cuckney, Westland's chairman, said last night that he did not know the identity of the mystery buyers. "It is astonishing," he said.

Mr David Horne, managing director of Lloyds Merchant Bank, advising the European aerospace consortium, said: "Mrs Thatcher (the UK Prime Minister) said that the future of Westland was a matter for shareholders. But this is not the shareholders' decision, it is in the hands of people who refuse to say who or what their motives are."

Mr Michael Heseltine, the former British Defence Secretary who re-

## MAIN WESTLAND HOLDINGS (Jan 31)

Alan Bristow 18.94%  
Hanson Trust 14.99%  
United Technologies 9.28%  
M&G fund management group 7.5%  
Lloyds Merchant Bank and GEC 5.99%  
United Scientific Holdings 4.8%  
(UTC also has an option to buy 4.26% of shares after February 13)  
Mystery buyers, 20.33% including:  
Three Swiss bank holding shares on behalf of unnamed beneficiaries, one UK industrial holding company, two unnamed companies  
Small shareholders 15.9%

signed last month after a cabinet row over Westland, called for an adjournment of today's shareholders' meeting. "I think this is quite unacceptable that a significant part of the defence industries of this country should be under the control of people who are not identified."

Sir John said there was no question of adjourning the meeting or of preventing the mystery buyers from voting on the Westland board's favoured rescue plans from Sikorsky, the US helicopter maker, and Fiat of Italy. The rescue requires a simple majority.

Most of the mystery buyers are believed to have entered the market after last month's extraordinary general meeting of shareholders to vote on an earlier Sikorsky/Fiat rescue.

The plan, requiring a 75 per cent

majority, failed. There followed a period of hectic buying, as both the European consortium and Sikorsky attempted to garner enough shares and votes to swing today's meeting.

Much of the buying was carried out through Rowe & Pitman, who are also Westland's brokers. But two other brokers, Strickson, Vickers, and Hoare Govett, acting for the consortium, were also involved, the stock exchange inquiry revealed.

The stock exchange team has kept in regular contact with the takeover panel during its wide-ranging investigation. One of its aims has been to establish whether any of the unidentified buyers was acting in concert with the other main shareholders who comprise Mr Alan Bristow, Hanson Trust, the UK industrial holding company or Sikorsky. So far they have not been able to prove the case either way.

Sir John said he had asked United Technologies, the US conglomerate and parent of Sikorsky, on a number of occasions whether it controlled more than 10 per cent of Westland. "The answer was 'no,'" he said.

On Monday, the European consortium which comprises British Aerospace, GE, Agusta of Italy, Aerospaciale of France, and Messerschmitt-Bölkow-Blom, declared that a tender offer of 130p per share to shareholders had failed.

Continued on Page 18  
Helicopter sights contract, Page 18  
Lex, Page 18

## Kodak plans to trim workforce by 10%

BY PAUL TAYLOR IN NEW YORK

EASTMAN KODAK, the world's largest photographic products group, said yesterday that it planned to trim its 128,950-strong worldwide workforce by 10 per cent this year as part of a four-point "strategy to reduce its costs."

The Rochester, New York-based group, which once had a reputation as a job-for-life employer, said that the steps announced yesterday were necessary to contain rapidly rising costs.

In addition to the job cuts, Kodak will:  
● Reduce budgets by 5 per cent with immediate effect.  
● Eliminate merit increases for 130 top managers; and  
● Review employee wage dividends, which at present are based on the cash dividend paid to shareholders.

Kodak's shares were down 2 1/2% at 54 1/2 in heavy trading after the announcement.

Mr Colby Chandler, Kodak's chairman and chief executive, said that the action was "unpleasant but unavoidable in view of an intensively competitive environment and the relentless pressure of rising costs."

At the same time, Kodak, which was forced to leave the instant photography market last month after losing a bitter court battle over patents with arch-rival Polaroid, warned that fourth-quarter net earnings would show a substantial decline.

Kodak's net earnings in the first three quarters of 1985 fell by 27 per cent, reflecting "unfavourable currency exchange rates which restrained prices and substantially higher costs associated with competitive conditions and product development."

Kodak, which reported 1984 fourth-quarter net earnings of \$204m on sales of \$2,750m, is due to announce its 1985 results next Tuesday.

Because of the need to contain costs, Kodak said it planned "a review of the manner in which the wage dividend for employees is calculated, with consideration being given to making the wage dividend a derivative of corporate earnings."

The company said the across-the-board job cuts would be aimed at eliminating "functions which have the lowest priority."

## Pickens bids \$199m for US gas company

By William Hall in New York

MR T. BOONE PICKENS, the US corporate raider who has been keeping a low profile for almost a year since he lost a takeover battle for Unocal, the West Coast oil company, has re-emerged on the takeover trail and is making a \$199m bid for KN Energy, a small Kansas natural gas company.

Mesa Limited Partners is offering \$22 per share for KN Energy and says that combining KN's transmission and distribution assets with Mesa's production assets is "highly attractive."

This is the second time that Mr Pickens has made a bid for KN Energy and there had been speculation on Wall Street that he was planning an agreed bid for the company whose shares have fallen heavily since the onset of the slump in the US energy industry. However, Mesa said yesterday that it had tried on several occasions to meet KN Energy representatives but had been unsuccessful.

In New York, KN Energy shares jumped 3 1/2% to \$22 1/2 in early trading yesterday. KN Energy defeated Mr Pickens last time by spinning off its petroleum operations to its shareholders.

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EUROPEAN NEWS

Walesa slander case dropped

By Christopher Bobinski in Gdansk. THE POLISH authorities yesterday backed away from a confrontation in court with Mr Lech Walesa, the Solidarity leader, over the validity of last autumn's parliamentary elections.

East Berlin spy-swap specialist prepares way for Shcharansky

BY LESLIE COLLITT IN BERLIN DR WOLFGANG VOGEL, the East Berlin lawyer who helped negotiate the release yesterday of Mr Anatoly Shcharansky, the Soviet dissident, calls himself an "honest broker" between East and West.



Dr Wolfgang Vogel: "honest broker"

Dr Vogel does not deny that hard currency was a motive in some of his transactions, he stresses that his government was keenly interested in reaching humanitarian solutions.



Mr Anatoly Shcharansky (left) walks to freedom across Berlin's Glienicker Bridge with the US ambassador to Bonn, Mr Richard Bart.

US puts priority on chemical weapons ban

BY WILLIAM DULLFORCE IN GENEVA THE US is giving greater priority to prohibiting chemical weapons than to banning nuclear tests. A nuclear test ban was an objective to be achieved "in due course," Mr Donald Lowitz, the US representative, told the United Nations Conference on Disarmament here yesterday.

Younger breaks the ice

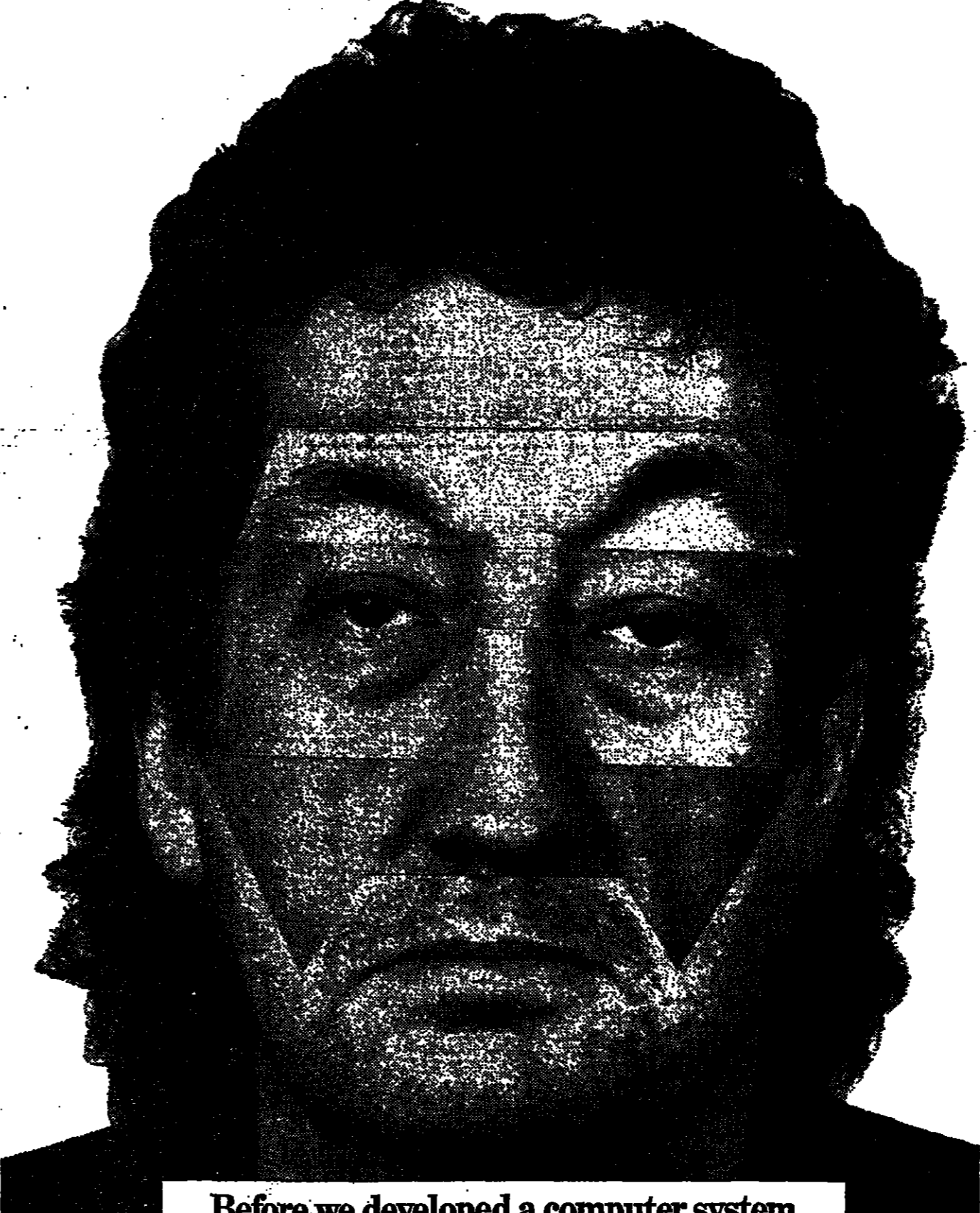
By Bridget Bloom, Defence Correspondent. MR GEORGE YOUNGER, Britain's Defence Secretary, is to meet Dr Manfred Wroeter, his counterpart in Bonn on Monday. It will be the British minister's first encounter with one of his European colleagues since he took office following Mr Michael Heseltine's resignation nearly five weeks ago.

Netherlands arms talks for Nitze

By Laura Rasm in Amsterdam. MR PAUL NITZE, the US President's arms control adviser, briefed Dutch leaders today on the Geneva disarmament talks and the Soviet proposal for a nuclear-free world.

Belgian coalition likely to win decree law powers

BY PAUL CHESBRIGHT IN BRUSSELS BELGIUM'S NEW centre-right coalition Government has jumped the first crucial parliamentary hurdle in its attempt to win special powers for running the economy by decree.



Before we developed a computer system for the police, we looked at their customers.

When Surrey Police were looking for a computer they made (not surprisingly) a thorough investigation. They interviewed a number of different computer companies but they chose Burroughs' B20 Series.

local Incident Room on four major investigations. One such case was the search for the M4 rapist, which involved clusters of B20's in two constabularies linked to the Police National Computer.

his name four times but he won't change his face, or the colour of his eyes.) However, the proof of the pudding for John Evans is this: "As a cynical policeman, the great advantage for me is that operational detectives now actually want the system."



February 12... ch budget... nds... earing business... device a dustria... angrily a campaign...



OVERSEAS NEWS

Buthelezi rejects reform proposal

BY JIM JONES IN JOHANNESBURG

CHIEF Gatsha Buthelezi, the Zulu leader, has distanced himself from proposed talks with President P. W. Botha's government on South Africa's future.

Last Friday President Botha publicly repudiated a statement by Mr P. W. Botha, the Foreign Minister, that it would be possible for South Africa to have a black state president. This repudiation, Chief Buthelezi said, had left black South Africans aghast.

He added that it made parti-

icipation in the National statutory council, proposed two weeks ago by President Botha, extremely difficult for black leaders.

"At this stage, in the wake of the state president's outburst on Friday, I would not even attempt to seek a mandate from black South Africans to participate in the National Statutory Council."

President Botha proposed the formation of a national statutory council to resolve black and white differences in

his January 29 speech at the opening of parliament. He had been counting on Chief Buthelezi to be an influential participant in the council.

Chief Buthelezi initially responded positively to President Botha's parliamentary opening speech, calling it a courageous break with the past. However, Chief Buthelezi says he now wonders whether there has been a break.

"The state president's outburst against Mr P. W. Botha gives us reason to believe that

he has not told South Africa where he is leading the country because, if he did, it would be totally unacceptable to blacks," Chief Buthelezi said.

He added that an unequivocal statement from President Botha that the Population Registration Act and the Group Areas Act were to be abolished was now expected by black South Africans. These two acts, which define South Africans' racial groupings and which prescribe where they can live, are fundamental to apartheid.

Stephanie Gray reports on efforts to reduce reliance on Pretoria Southern Africa wins donor backing

WHEN MINISTERS from nine southern African countries met in Harare recently to review their economic performance over the last five years, the reports before them expressed some grounds for optimism.

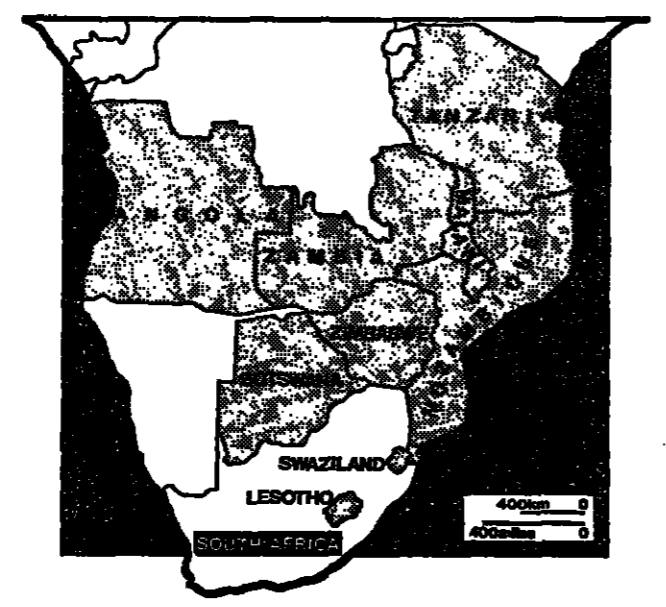
The nine are all members of the Southern African Development Co-ordination Conference (SADCC) which was set up in 1980 with the aim of reducing their almost total economic dependence on South Africa.

The good news included the end of the drought in the area, and the support from Britain, the US and the World Bank for the group's projects, if not its political ambitions. More than \$1bn has been raised toward the cost of almost 400 schemes.

Of the \$1bn secured so far (a further \$1.5bn is under negotiation) some \$730m is going towards transport and communications, mainly the Dar es Salaam, Maputo and Beira rail corridors and ports. A sum of \$108m is slated for agriculture, \$41m for energy and \$220m for industry. The total cost of all the projects is put at about \$5bn, of which \$4bn is to come from outside the group.

The overwhelming reality, however, is that the SADCC states — Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland, Tanzania, Zambia and Zimbabwe — have been running fast to stay in the same place.

Six of the nine countries are landlocked and rely heavily on South African rail routes for their trade. Alternative routes, particularly through Mozambique, for which Western donors have pledged millions of dollars in aid, are subject to constant sabotage.



Progress on economic disengagement has also been hampered by the SADCC's decentralised systems under which energy, transport, communications, agriculture and manpower management is devolved to member states. Decisions are made by consensus. The process is slow and donor countries have made plain their irritation at the snail's pace at which their funds have been used.

Modest progress was reported to the conference in the areas of agriculture, small energy projects and telecommunications, but it was overshadowed by continuing unrest within South Africa's borders and ever more strident calls for sanctions against the apartheid regime.

For the first time, Eastern Europeans, always more ready with military assistance than hard cash, were present as were representatives of the African National Congress, the South West Africa People's Organisation (Swapo) and the Pan African Congress.

Such overt politicisation was clearly due to the unrest in South Africa and the improved prospects of meaningful Western sanctions being imposed against the republic. Such action would seriously damage the economies of the front-line states, especially if South Africa retaliated. Swaziland, Malawi and the newly installed Lesotho Government, either publicly or implicitly oppose sanctions.

The majority of SADCC states, however, argue that the cost of sanctions is less than that of the destabilisation. If sanctions were to bring forward a political solution, the longer-term benefits would outweigh the short-term costs.

Those that are operational are in such bad repair that their use is limited.

SADCC's secretariat in Gaborone estimates that South African or South African-backed aggression has over the past five years cost the countries \$10m. Of that sum, \$3bn has had to go on extra defence spending. Zimbabwe's army, for instance, plays a big role in guarding Mozambique's rail routes and power supply against attacks by the rebel Mozambique National Resistance (MNR).

Mozambique and Angola have suffered the most war damage and the highest military costs, despite Maputo's peace agreement with Pretoria under which members of the banned African National Congress were to be

expelled in return for South Africa's pledge to halt support for the MNR.

Apart from South Africa's military interventions in five SADCC states last year, the countries' economies were hard hit by the progressive decline during 1984 and the sudden collapse last September of the South African currency.

The precipitous fall in the rand cheapened the prices of South African goods, which compete with both domestic production and intra-SADCC exports. The same is true in respect of services.

At the same time, those SADCC states which export to South Africa faced loss of markets and lower returns on remaining sales while the value of remittances from migrant labour forces fell sharply.

Egyptian economic crisis grows more acute

By Tony Walker in Cairo

THE ARREST of more than 100 workers in a Nile Delta town at the weekend after more than two days of agitation for pay increases, was an ominous sign for the Egyptian Government contending with an economic crisis which is daily becoming more acute.

The slide in oil prices is disastrous for Egypt at a time when all its other sources of hard currency are under severe pressure. Egypt has slashed oil production by more than 200,000 barrels a day, or about 20 per cent of output, from a figure of around 870,000 barrels a day. Oil income reached \$2bn (£1.4bn) in fiscal 1984-85. Production cuts plus the effects of the price slump may well leave all revenues at a time when Egypt is encountering critical balance of payments and debt service problems.

General Ahmed Rabah, the Interior Minister, said on Monday that the 111 workers arrested at a textile factory at Mehalla north of Cairo, were "known elements of extremist bodies." He added: "Egypt will not allow these elements to obstruct work, lower production and destroy our economy... It is a crime unacceptable under the present circumstances."

His warning mirrors those issued on several occasions recently by President Hosni Mubarak who made it clear that he would not tolerate the patience was wearing thin.

The semi official press has this week been preparing the ground for unpalatable measures in the face of the looming economic crisis. The editor of the mass circulation al-Akhbar newspaper, in a front page editorial, said that Egyptians would have to consider sacrifices to cope with worsening economic circumstances.

Egypt's trade deficit, according to a preliminary estimate, reached a staggering \$7.7bn in 1984-85. Its foreign debt is said to have risen to \$32.5bn or about 35 per cent of current account receipts.

Foreign bankers are now saying there appears little alternative to a comprehensive restructuring programme for Egypt which is overvalued to many of its creditors.

Added to Egypt's economic difficulties, are apparent political differences within the administration over economic policy. Dr Ali Laidi, the new Prime Minister, is understood to be having a hard time persuading cabinet colleagues, with vivid memories of 1977 food price riots, of the need for potentially unpopular economic measures.

Iran claims seizure of Iraq oil port six miles from Kuwait

By Kathleen Evans in Kuwait

IRAN SAID its troops had seized the old Iraqi oil terminal at Fao on the northern shores of the Gulf yesterday, just six miles away from Kuwait territory.

Iraq has rejected the claim, saying that its counter-offensive had left thousands of enemy corpses floating in the Shatt al Arab waterway. Baghdad officials said that its forces had recaptured the island of Umm al Qasr, which the Iraqis claimed they had taken two days ago.

The Iraqi oil port of Fao faces the Khor Abdullah waterway which separates Iraqi territory from the Kuwaiti island of Bubiyan. The Iranian claim was made during a mass rally in Tehran by Iranian President Ali Khamenei who warned Kuwait not to allow Iraqi troops to use Bubiyan Island.

He said that Iran had despatched an envoy to discuss the matter with Kuwait.

"I have sent an envoy to Kuwait," President Khamenei said. "He will tell them if you cannot resist the Iraqis and stop their aggression in Bubiyan, we cannot tolerate the enemy behind us, and we will have to defend ourselves with strength."

A military spokesman later told IRNA, the Iranian official news agency, that "the Islamic Republic has no intention of intervening in the affairs of its neighbours" in an apparent reference to Kuwait.

Kuwait city, just 50 miles from the fighting, is quiet, but alert to the dangers of the cur-

rent Iranian offensive. The Kuwait Government, together with the country's parliament, expressed alarm over the latest offensive by Iran and said that it would increase the possibility of superpower intervention in the region.

Western diplomats discounted the possibility, however, of Kuwait asking the US to intervene should the Iranian troops get nearer.

Kuwait is linked in a loose security agreement with its Gulf neighbours and it is a member of the Gulf Rapid Deployment Force.

Bubiyan Island has long been a foreign policy problem for Kuwait. Iraq has historically laid claim to the island and made frequent requests to Kuwait to allow military facilities to be based there.

Baghdad has argued that they need the island to protect their naval base at Umm Qasr.

Yesterday, President Khamenei claimed that Iranian troops were overlooking the oil loading jetties at Umm Qasr.

The capture of Fao would represent the biggest Iranian victory since the beginning of the war. Foreign military attaches in Tehran said that Fao contained a dispersed air base in addition to a bombed-out oil facilities.

Observers believe that the attack on Fao might be an attempt by the Iraqis to draw Iraqi troops south of Iraq's second city of Basra and enlarge the front as a preliminary to a much larger operation.

Gandhi reconsiders role over Sri Lanka

By Mervyn de Silva in Colombo

INDIA is taking an increasingly tough stance over Sri Lanka's ethnic crisis, with Indian Prime Minister Rajiv Gandhi reconsidering his role as mediator in the conflict.

Mr Gandhi told a news conference on Monday in Male, capital of the Maldives Islands, that "the Sri Lankan Government should let us know whether it was really interested in the initiative India has taken."

He was speaking in the presence of his Foreign Minister, Mr Romesh Bhandari, the key negotiator between Sri Lanka and expatriate Tamil separatists and who recently cancelled a short notice a three-day trip to Colombo.

While Mr Gandhi was visiting the Maldives, the island archipelago republic south of Sri Lanka, Mr Janina Jayawardene, the Sri Lankan President, and Mr Lalith Athulthumudali, his National Security Minister, were both receiving unusually blunt messages through normal diplomatic channels. These were obviously the result of a major policy review in India.

The Sri Lankan Government has been told of the growing Indian conviction that its first preference is a quick military solution at least in Sri Lanka's Eastern Province if not in the Tamil north. India has invited Sri Lanka to go ahead with its military plans if it thought that its aims were attainable in the meantime. India would not initiate anything in its role as mediator.

India has also argued itself out of the Sri Lankan demand for a crackdown on the Madras-based separatist guerrilla groups. President Jayawardene has repeatedly reminded Mr Gandhi of his own appeals to foreign governments on Sikh extremists.

"Terrorism" in India "is a direct consequence of the grievances and frustration of the entire Tamil community, which enjoys great sympathy and support in an important state of India" (Tamilnadu). The Indian Government could not afford to alienate the state.

Pressed by Sri Lanka to reaffirm India's commitment to Sri Lanka's unity and territorial integrity, India did so, but with a new qualifying phrase. India would defend the island's integrity but "not at the risk of India's own unity and integrity."

Extremists kill moderate Sikh as attacks increase

By John Elliott in New Delhi

EXTREMISTS in the northern Indian state of Punjab have increased the number of assassinations in recent weeks and the total number of people killed in individual attacks has risen to nearly 100 since state elections last September.

Yesterday, Mr Dalip Singh, a 60-year-old leader of the Sikh moderate Akali Dal Party which won the elections, was shot dead.

Such assassinations, usually attributed to Sikh extremists,

are now taking place almost daily. The average is running at about five killings a week in the state. The death toll two years ago when the Punjab was approaching its worst crises.

The situation is causing growing concern for the central Government of Mr Rajiv Gandhi, Prime Minister. It means that hopes have not been realised of the Sikhs' Akali Dal Government maintaining control of the state.



What is the European Economic Community doing at the PHLX?

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PHLX Philadelphia Stock Exchange Within U.S., Toll free: 1-800-251-1677 Philadelphia: (215) 496-5404 London: 01-606-2348 1800 Market Street, Philadelphia, PA 19103, European Office: Basilston House, 7-11 Moorgate, London EC2R 6AD See Teletext page 257.

UK confirms Nigeria post

BRITAIN will send a new High Commissioner, Mr Martin Evans, to Nigeria at the end of this month, the Foreign Office confirmed yesterday, writes our foreign staff.

Gen Ibrahim Babangida, the Nigerian President, said on Monday that his Government was in the process of nominating its own representative to London.

It will be the first time that a British High Commissioner has served in Nigeria in more than a year and a half. Both countries withdrew their chief representatives in the former that followed the abortive kidnapping attempt in London in July 1984 of a prominent Nigerian exile wanted by the Nigerian authorities at the time.

Hawke orders fuel price study

Australian Prime Minister Bob Hawke has appointed a five-member cabinet committee to study demands, particularly by farmers, for lower fuel prices, government officials said. Reuters reports.

They said the Government would lose \$1bn a year if the committee recommends that consumers receive the full benefit of the recent fall in oil prices. Lower prices would also pose serious budgetary difficulties and may curtail oil exploration and development in Australia, they said.

Notice of Redemption TO HOLDERS OF

Burroughs International Finance N.V. 15% Guaranteed Notes Due 1988

Pursuant to the provisions of the Indenture dated as of March 15, 1982 (as supplemented), among Burroughs International Finance N.V. (the "Company"), Burroughs Corporation (the "Guarantor") and Chemical Bank (the "Trustee") (the "Indenture"), the Company hereby calls for redemption on March 15, 1986 (the "Redemption Date") all of its outstanding 15% Guaranteed Notes due 1988 (the "Notes"), at the price of 101% of the principal amount thereof (the "Redemption Price"). The aforementioned redemption is an optional redemption permitted by Section 1001 of the Indenture.

On and after the Redemption Date, the Notes will become due and payable upon presentation and surrender thereof, with all coupons maturing subsequent to March 15, 1986 attached, either at the office of the Paying Agent, Chemical Bank, 55 Water Street, New York, New York 10041 or at the main offices of Chemical Bank in Frankfurt/Main, London, Paris and Zurich, Algemene Bank Nederland in Amsterdam, Banque Generale du Luxembourg in Luxembourg, Swiss Bank Corporation in Basel and Union Bank of Switzerland in Geneva.

Interest on the Notes shall cease to accrue from and after the Redemption Date. All coupons maturing after said date which appertain to such Notes shall be void. Coupons maturing on March 15, 1986, and prior thereto, should be detached and surrendered for payment in the usual manner.

If any Note surrendered or deposited for redemption shall not be accompanied by all appurtenant coupons maturing after the Redemption Date, such Note may be paid after deducting from the Redemption Price an amount equal to the face amount of all such missing coupons. If a deduction shall have been made from the Redemption Price in the case of such missing coupon and thereafter the Holder of such Note shall surrender to the Trustee such missing coupon, such Holder shall be entitled to receive the amount so deducted.

Burroughs International Finance N.V. By: Chemical Bank, Trustee Date: February 12, 1986

Holders of the Notes presenting Notes for redemption to the New York paying agent will be required to comply with the Interest and Dividend Tax Compliance Act of 1983 on or before the date of such presentation.

Advertisement for Philadelphia Northwest Orient travel agency. Text includes: 'People who know Philadelphia', 'From £319 return', 'NORTHWEST ORIENT', and contact information for agents in London and Manchester.

Handwritten Arabic text: 'سكنا من الاصل' (Our home is the original).



February 12 1986

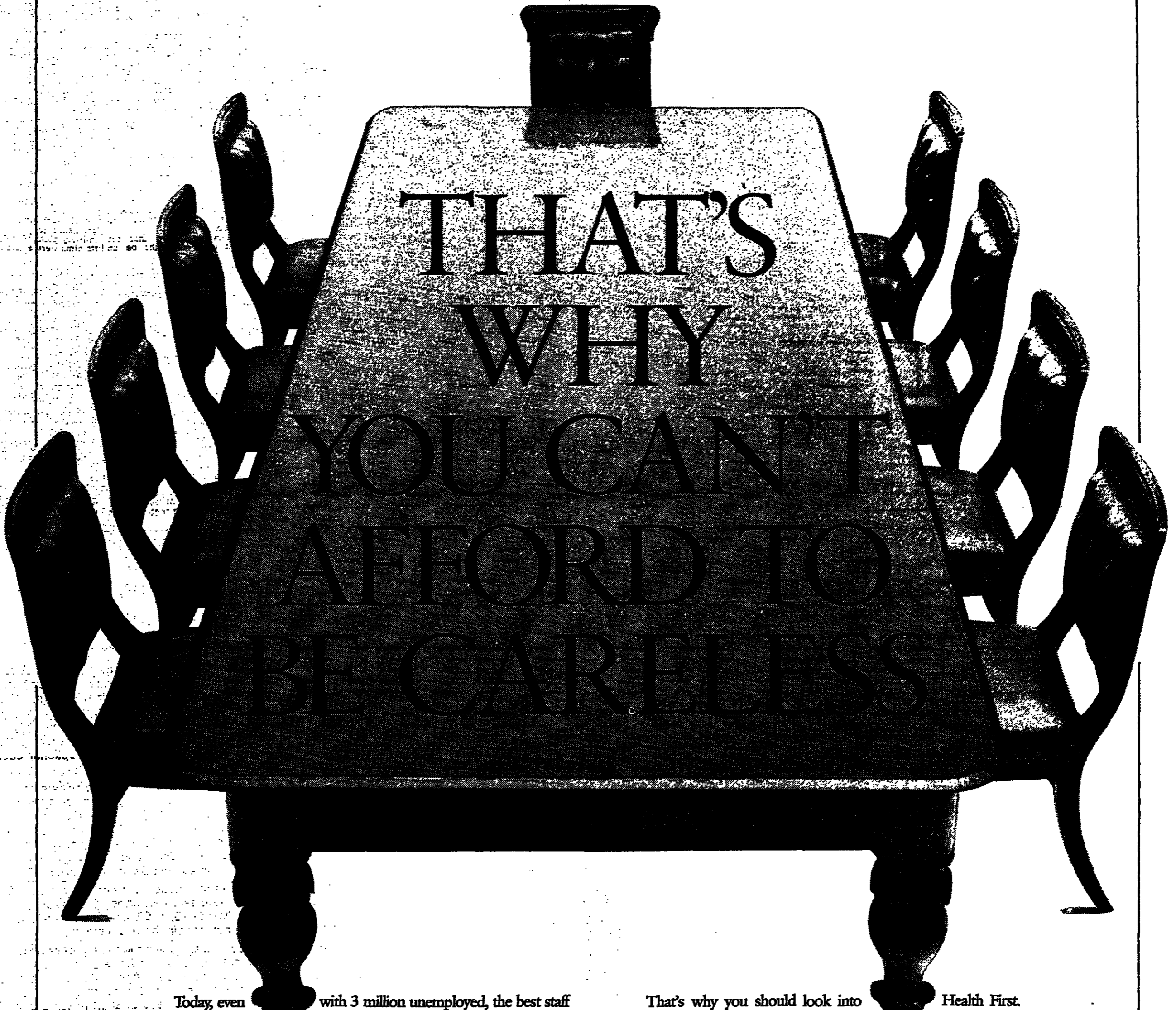
**Gandhi reconsiders role over Sri Lanka**  
 By Heron de Silva  
 Sri Lanka's Prime Minister, Mr. J.R. Jayewardene, has said that he is reconsidering his role in the country's civil war.

**Finance II 1986**  
 March 16 1986  
 The Commission of the European Communities has agreed to accept the proposal for a second round of negotiations on the subject of...

**India**  
 The Government of India has announced that it will be withdrawing its troops from the border with China...

**Thailand**  
 The Thai Government has announced that it will be withdrawing its troops from the border with Laos...

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Today's employers are expected to provide private medical cover along with company cars and subsidised lunches. It's as though the concept of the caring society is moving more and more towards the Board Room. And that's probably not a bad thing.

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If you sign on the dotted line for the first company you think of, you may be getting poor value for money and, thus, be selling your employees short. And it won't take long for them to compare notes with their friends in other companies and draw their own conclusions.

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Health First doesn't replace the NHS, it works alongside it taking away all the waiting and worrying. It makes sure that your people get the best possible treatment at the earliest opportunity - so that they get better quickly and in comfort.

But the big plus is that with Health First you won't overspend: there are so many different kinds of cover that you can tailor exactly what you want to spend to your company's needs.

For further information, ring 0202 292434.



TO SHOW YOU CARE



WORLD TRADE NEWS

Nancy Dunne reports on ways of detecting dumping from non-market economies
Polish practices perplex US investigators

THE US Government has for years struggled to write a fair definition of "unfair trade" from the non-market economies (NMEs) of the world.



WHY DO WE ALWAYS GET THE GOLF CARTS, LIGHT BULBS AND NAILS TO INVESTIGATE, IS THERE NO 'UNFAIR MARKET IN DUMPED' VIDEO RECORDERS, POWER BOATS OR CHAMPAGNE?

Dumping charges brought to the International Trade Commission and the Commerce Department's international trade administration, have, however, been difficult to sustain, and troublesome questions have plagued investigators.

Trade officials have tried to determine NME dumping by examining prices of the products in question, or similar goods in third world markets or looking at the costs of free market production in what might be a "comparable" country.

Undersecretary of Commerce, acknowledged that the current anti-dumping law is "enormously burdensome and excessively complicated."

The years of Congressional hearings on the subject and debate within Administration circles have produced a consensus solution contained in an omnibus trade Bill now in the Senate with strong bipartisan support.

Trade officials began to have real difficulties with the use of surrogate economies after they used Finland to measure dumping of Romanian steel plate in 1982.

In both cases, Commerce Department officials declared that subsidies cannot be found to exist in the countries where there is no free market to provide a point of comparison to determine what is unfair support.

Lufthansa seeks early decision on A-340

By Michael Dunne, Aerospace Correspondent

LUFTHANSA, the West German airline, is pressing European Airbus Industrie, the airliner manufacturing group, for an early decision to develop the proposed A-340 long-range four-jet airliner.

This 250-seat airliner, one of two new ventures proposed by Airbus (the other being the short-to-medium range 330-passenger A-330), is intended to fly long distances, over 9,500 to 12,000 km.

Lufthansa is believed to be interested in buying up to 25 of the A-340s. If it cannot acquire such aircraft, it would be obliged to buy the rival MD-11 planned by McDonnell Douglas of the US.

Mr Abraham says Lufthansa has been pressing for the development of the A-340 for more than five years.



Last of a line: a Range Rover leaves the assembly line at Leyland's Ibadan Oyo State plant, earlier this month.

Nigerian truck plants hit by import curbs

BY PETER BLACKBURN IN ABDJIAN AND KENNETH GOODING IN LONDON

FOUR of Nigeria's heavy commercial vehicle assembly plants have closed because of a shortage of imported kits and the fifth is operating at about 30 per cent of capacity.

The motor companies in Nigeria are among the earliest casualties of a tight import regime imposed to conserve the country's foreign exchange.

The Leyland Nigeria factory at Ibadan, one of the most modern in Black Africa and opened at the cost of \$55.7m, could be closed until June even if it gets its licences later this month.

The company, 60 per cent owned by the Nigerian Government, has accumulated losses of N44m and has laid off the workforce to 150, compared with 1,700 in 1984.

Leyland estimates it could operate profitably at only 50 per cent of capacity—it also builds Land Rover four-wheel-drive vehicles and two to five-tonne trucks from Mitsubishi of Japan.

Finland delays decision on lifts venture

By Olli Virtanen in Helsinki

FINLAND'S Commission for Foreign Investments failed to make a decision yesterday on whether to give the go-ahead for the proposed lift manufacturing venture between Valmet, Finland's state-owned metal and engineering company, and Otis Elevator of the US.

The decision has been postponed until next Wednesday. Otis and Valmet have signed a letter of intent on forming a joint lift manufacturing company which would be based on Valmet's lift division in Finland.

The deal was stalled when the Ministry of Trade and Industry demanded that Kone, the large Finnish lift maker, should also be allowed to bid for the lift operation.

Akzo patent bid may help circumvent US ban

BY OUR AMSTERDAM CORRESPONDENT

AKZO, the Dutch chemicals and fibres group, is seeking a new patent for its high-strength aramid fibre in a move that could help circumvent a ban on exports of the fibre to the US.

The patent application, which will take a year to be processed, is for an improved method of binding the fibre to a resin to form a laminated composite material, especially suitable for the aerospace and automotive industries.

Products that incorporate Akzo's Twaron fibre are not covered by the five-year ban, which applies only to the raw fibre. Thus aerospace parts which contain the Twaron fibre could be exported by manufacturers to the US with the hope of indirectly capturing part of the US market.

Indonesia wins aircraft deals worth \$380m

By Kieran Cook in Jakarta

INDONESIA'S state aerospace company, Industri Pesawat Terbang Nusantara, says it has concluded contracts worth \$380m (\$271m) with Turkey and South Korea for its new CN235 turbo-prop aircraft.

Turkey would be buying 52 of the aircraft and South Korea 10. Delivery would be in 1988. The company added that Saudi Arabia would be buying four 235s and Jordan two.

The 235, a multi-purpose aircraft jointly produced by Indonesia and Casa of Spain, has experienced development problems and production is well behind schedule. It has not been made entirely clear whether these recent agreements represent firm contracts or merely letters of intent to purchase the aircraft.

Advertisement for Berlitz language school. "I studied French for years but I still can't speak it." For those who really want to speak a language. Special total immersion and private crash courses. Private part-time tuition to suit your schedule. Semi-private courses for 3-4 people. Evening group courses—maximum 8 people. Coaching in French and German for "O" and "A" level students. English a speciality. Phone today for more information.

Large advertisement for Macintosh computers. "A revolution is like a bicycle, if it doesn't go forward it falls down." - Mao Zedong. Images of Macintosh 128K, 512K, and Plus computers. Text describing features like 1MB RAM, 5.25-inch floppy disk drive, and hierarchical file system.



AMERICAN NEWS

Reagan hopeful of missile deal with Moscow

By Reginald Dale US Editor in Washington

President Ronald Reagan is very hopeful that the US and the Soviet Union can reach an arms control agreement on intermediate range missiles...

IMF takes tough line with Peru on debt

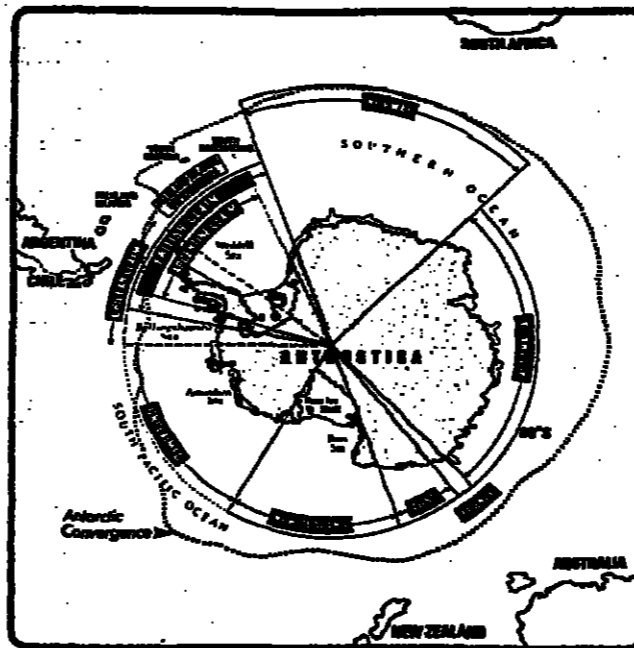
By Stewart Fleming in Washington

The International Monetary Fund has taken a tougher than expected line with Peru, telling the South American country that it must pay some \$75m (\$45m) of arrears on its loans by April 15...

Robert Graham reports on a dispute over the future of the seventh continent

Antarctic states eye Greenpeace campaign

UNUSUALLY BAD weather in the short Antarctic summer has prevented the environmental organisation, Greenpeace, from carrying out its most ambitious project and publicity venture.



Antarctic Convergence is the boundary between the colder waters of the Antarctic and the warmer waters of surrounding oceans.

Greenpeace had hoped to set up a permanently manned base in the Antarctic the first by a private organisation on this inhospitable continent.

Lack of interest by either of the two superpowers in the military uses of the continent which accounts for one-seventh of the world's land mass—the summer after all, lasts just two months.

This co-operation continues, and slowly the consultative parties are grappling with the most sensitive issue of all, the drawing up of a treaty to govern the exploitation of the continent's flora and fauna.

to keep the matter out of the UN where there is a growing campaign, led by Malaysia, to put Antarctic development in the hands of this body.

Tylenol withdrawn after New York woman dies

By Paul Taylor in New York

THE A & P supermarket chain in the US yesterday suspended sales of Tylenol capsules following the death of a young New York woman who died of cyanide poisoning after taking the popular Johnson and Johnson non-prescription pain reliever.

Canadian trade surplus narrows

By Bernard Sines in Toronto

CANADA'S trade surplus narrowed to C\$16.6bn (\$5.5bn) last year, from a record C\$20.7bn in 1984, according to Statistics Canada.

Accidents at oil and gas installations fuel Mexico economic woes

By David Gardner in Mexico City

A CHAIN of unexpected fires at Mexican oil and gas installations, is adding to the critical situation caused by the collapse in international crude oil prices.

confirmed local reports, four Pemex employees were arrested on suspicion of attempting to blow up part of a refinery.

workers union and President Miguel de la Madrid.

sent shock waves through the bureaucracy.

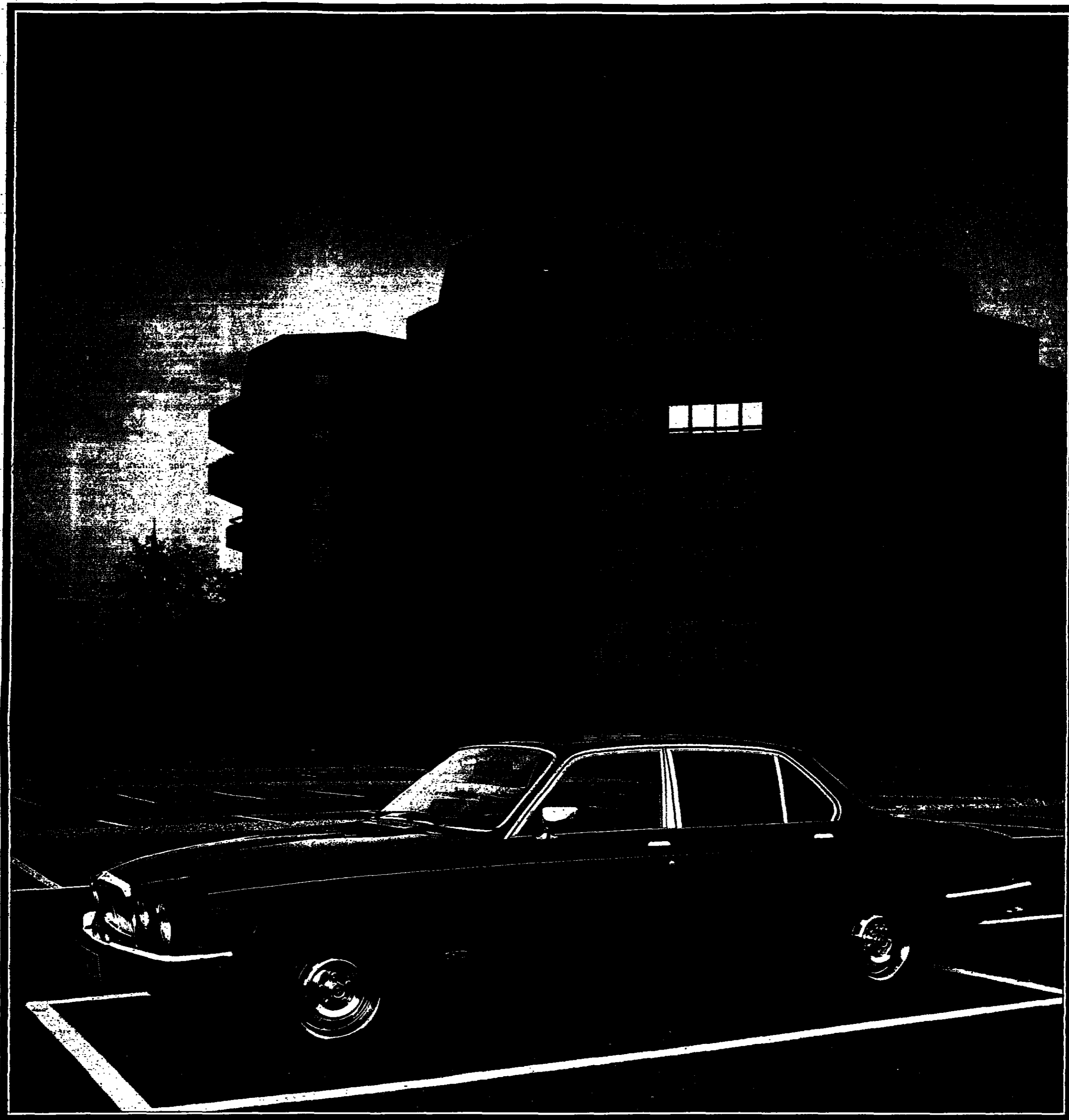
Standard Chartered advertisement featuring a large image of a person at a computer terminal, a globe with city names (San Francisco, New York, London, Johannesburg, Bahrain, Singapore, Hong Kong, Tokyo), and text describing their global network of 20 dealing rooms.







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JAGUAR XJ6 3.4 £15,595. JAGUAR XJ6 4.2 £16,995. PRICES BASED UPON MANUFACTURER'S RRP AND CORRECT AT TIME OF GOING TO PRESS, INCLUDE SEAT BELTS, CAR TAX AND VAT. (DELIVERY, ROAD TAX AND NUMBER PLATES EXTRA)



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**International Handling and Storage Exhibition**

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**An aid in the cancer battle**

TWO of the latest liquid scintillation counters sold by Beckman of High Wycombe, Buckinghamshire, are in operation at the Paterson Laboratories of the Christie Hospital and Holt Radium Institute in Manchester.

With the instruments, researchers can obtain information about small concentrations of materials useful in the evaluation of new anti-cancer drugs.

More on 0494 41181.

**Locking up thieves**

A NEW type of magnetic lock from Clarke Instruments of Salisbury, Wiltshire, should help to deter thieves by the incorporation of a set of strong metal fingers which grip the device's solenoid. The fingers resist attempts to prise open the lock.

More on 0723 23451.

**Centrifugal force**

ALFA-LAVAL Engineering, based in Brentford, west London, has produced a centrifugal separator tailored to fermentation processes. It can handle 50 cubic metres an hour of feed material and can be fitted to automatic production lines, says the company. Details on 01-560 1221.

**TECHNOLOGY**

**Why the lumpy mint sauce flowed evenly on to the plate**

UNDERSTANDING the flow properties of liquids is a problem faced by industries with products as diverse as oil, paint, plastics and chocolate.

Bohlin Rheologi, a small Swedish company, specialises in computer-based machinery for measuring such properties. Although founded only two years ago, its customers already include companies such as Finlux, the frozen food manufacturer, ICI, the UK chemical group, and S. C. Johnson & Son, US maker of Johnson Wax.

The need for such equipment is highlighted by Lindsey Viner, head of Bohlin in the UK. A lavatory cleaner that ran down the bowl in dribbles instead of a continuous sheet and mint sauce that stuck together in large lumps are two of the problems she has been asked to solve.

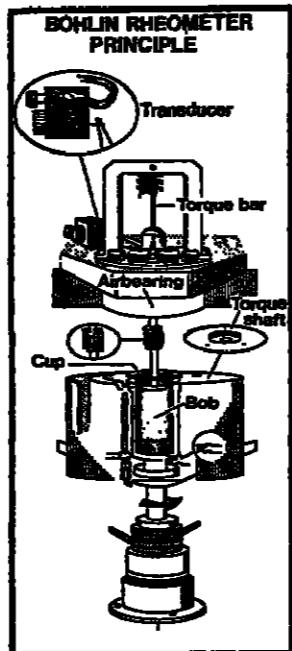
In heavier industries the study of flow is equally important. Understanding flow characteristics determines pipeline design in the oil industry, for example.

Measuring flow (rheological) properties helps not only the acceptability of final products but also in pinpointing the most efficient production methods.

Cadbury Schweppes, the UK-based chocolate maker, employs Bohlin equipment to measure the flow characteristics of chocolate.

ICI has four Bohlin instruments which help researchers develop paints and plastics. In recent years, for example, paint technology has become sophisticated with the development of solid paint. Paint is basically a suspension of particles in a liquid such as a polymer in white spirit.

Manufacturers' biggest problem is to avoid the settling of the particles. So all depends on the dispersion of the tiny solid pieces within the paint. How paint will behave can be determined by rheological measure-



**HOW IT WORKS:** Bohlin's machine is based on two concentric cylinders. The outer one, the cup, holds the liquid, the inner one which can be of various shapes, is connected to a torque shaft. When the cup is rotated, the inner cylinder experiences a drag or torque against the spinning liquid. This resistance twists the shaft—the amount of movement is transformed into an electrical signal by the transducer at the top of the shaft. This is a measure of the liquid's viscosity. With slight variations to the technique, other properties can be measured.

West Germany, Contravis of Switzerland and the UK companies, Sangamo Transducers, Viscometers and Brommfields—is in versatility and price.

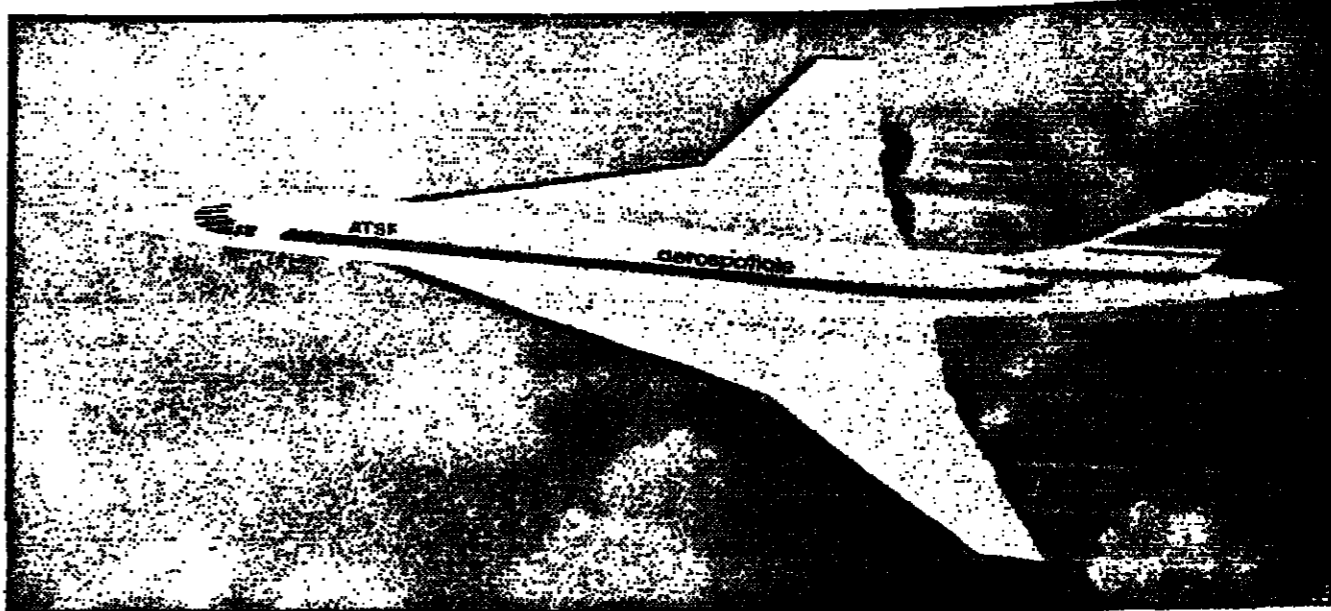
Its instruments cost from £3,000 for a hand-held viscometer to £30,000 for a top-of-the-range model. Work is in progress on an advanced machine which, at around £80,000, will undercut the price of equivalent equipment from competitors by about £40,000.

Without marketing its products, and relying solely on word of mouth, Bohlin has so far sold over 40 instruments, about half of which went for export.

Leif Bohlin, the company's founder, began his venture part-time from home, while also lecturing at Lund University. He has now been appointed professor of experimental rheology at Lund, the first such appointment in Sweden.

The company, which employs 16 at the science park in Lund, had a turnover last year of SKr 8m (£782,000). It is looking to increase this more than tenfold over the next five years.

ELARNE WILLIAMS



FLIGHT INTO THE FUTURE: An impression of a second-generation Concorde from Aerospatiale of France

**Taking-off into the unknown**

Michael Donne considers the possibilities for air travel in the 1990s and beyond

ONE unexpected by-product of the US space shuttle disaster may be to stimulate a further revival of interest in a second generation supersonic transport to succeed Concorde in the late 1990s.

This is despite the recent emphasis, particularly in the US, on the goal of leapfrogging well beyond Concorde by developing much more advanced Aerospace Planes or Trans-atmospheric Vehicles able to cruise at long distances in low orbit over the earth.

President Reagan underlined the potential for such vehicles in his State of the Union speech last week. Confirming that US research would continue, he said they might eventually make it possible to fly from Washington to Tokyo in less than two hours, travelling at up to 25 times the speed of sound.

The idea is arousing interest on this side of the Atlantic too. The British Government recently agreed to spend up to £3m over the next two years on "proof of concept" studies for a UK earth-to-orbit vehicle. This is the Horizontal Take-Off and Landing (Hotol), devised by British Aerospace and Rolls-Royce and intended for the late 1990s and beyond.

However, both the UK and US studies are very preliminary. Neither government wants to commit itself to supporting full-scale development of such vehicles until the proposals have been subjected to thorough scientific analysis.

The concepts must still overcome other hurdles, too, notably among the world's commercial airlines, which still view them with polite disdain. Their uninterest, and the tragic reminder of the hazards of space flight provided by the shuttle disaster, may yet temper recent enthusiasm for Trans-atmospheric Vehicles.

On the other hand, there have been signs for some time that the climate for a second generation SST may be improving. Aerospatiale, the original French partner in Concorde, said recently that it could foresee the day of a successor to Concorde and had kept a design team working on such a venture.

Most of the research into second-generation SSTs has

been done, with little publicity, by Boeing. It believes there will be a market for such aircraft, provided the seat-mile cost for airlines is no higher than for subsonic jet airliners and production costs are kept low enough to allow them to be financed entirely from commercial sources.

But Boeing has also warned that until more is known about these issues, the economic viability of an advanced SST will remain controversial.

An important catalyst in the debate was a report last year by the US Government's Aerospace Policy Review Committee, which has never had any doubts that a second-generation SST was the most sensible stepping stone to eventual military and commercial orbital flight.

The committee, which contains many of the leading authorities in US aerospace, recommended three goals for the long-term development of the country's aeronautics.

These were: first, to develop subsonic aircraft technology, including the new prop-fan engines, to meet growing competition from abroad; second, to develop the technologies for "efficient long-distance supersonic cruise; and third, the development of Trans-atmospheric Vehicles.

Though the key technologies needed for supersonic cruise capability had not been aggressively pursued, the demise of the earlier US SST pro-

gramme in 1971, the committee concluded that a "constructive base for advancement" existed and should be pursued.

The committee envisaged a supersonic vehicle, perhaps capable of Mach-3 (about 2,000 mph), shaped like an elongated Concorde and carrying 200 to 250 passengers. It would be suitable for both military and commercial use, particularly on trans-Pacific routes linking the US with Japan and south-east Asia.

The aerospace industry will almost certainly want to spend several more years studying the economics of such a venture, and none of the manufacturers is likely to be in a position much before the end of the decade to consider joint design and development proposals which will not begin before the early to mid-1990s, with the aircraft entering service later in the decade.

Such a market suits Concorde, which will have been in service 20 years by then. Several million air travellers will have sampled the benefits of supersonic flight and a market will have been created which will not want to revert to subsonic flight.

The prize could be substantial. As Boeing puts it: "Ultimately, the industry which offers world airlines an economically viable supersonic transport will enjoy an enormous marketing success."

**The challenges yet to be met**

THANKS to the US space shuttle programme and recent developments in military aircraft, a second generation supersonic airliner could benefit from much more advanced technology than was available when Concorde was designed more than 20 years ago.

However, even more ambitious plans to build a Trans-atmospheric airliner, able to soar as high as 100 miles above the earth at speeds of up to 16,000 mph, would require still further breakthroughs, particularly in engine technology. These are the main achievements so far—and the challenges yet to be met.

● **Materials:** Big weight savings are available from new materials. These include plastics composites strengthened with polymer, carbon and ceramic threads, and metal-matrix composites—metals reinforced with ceramic, boron or carbon threads.

The weight of the shuttle's payload doors was cut by 23 per cent by making them from carbon fibre instead of aluminium. Almost a third of the latest versions of the Harrier jump-jet airframe is made of carbon fibre.

Carbon-carbon (pyrolysed graphite strengthened with carbon fibres) used in the shuttle's nose cone and on

Peter Marsh on the need for advances in aero engine technology

the leading edges of its wings can withstand temperatures of up to 1,200 deg C, while silicate tiles on its lower surfaces protect it against temperatures of about 700 deg C on re-entry.

Parts of the wings of Concorde, most of which is made from aluminium, have to withstand 120 deg C as the vehicle cuts through the air at its top speed of Mach-2. An increase of speed to Mach-3 would have pushed this temperature to 250 deg C, which would have required use of more expensive, heat-resistant materials such as titanium and stainless steel.

Novel alloys and ceramic materials are increasingly used to make engine pumps, turbine blades and combustion chambers which heat to as much as 1,600 deg C. The shuttle's thrust chamber is made of a new alloy combining copper, silver, zirconium and nickel.

But many new materials still cost too much to be widely used commercially.

● **Engine design:** Conventional jet engines, of the kind that propel Concorde, do not work at speeds above Mach-3. The blades of the compressor, which push air into the ignition chamber, interfere with the movement of the in-rushing air. Researchers are working on types of engine known as supersonic combustion ramjets (scram-jets) which would dispense with compressors.

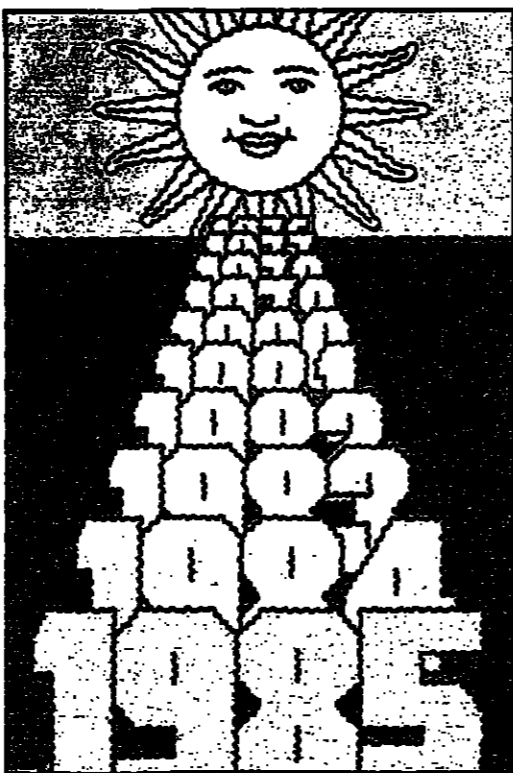
One design approach to a supersonic aircraft would be to use jet compressors for take-off, switching to scram-jets at speeds of more than Mach-3 and then to rockets fuelled by liquid oxygen to take it beyond Mach-6 about 12 miles above the earth.

US space researchers are working on rockets which would use hydrocarbon, a denser fuel which needs less storage space.

● **Avionics:** Advanced systems developed for the space shuttle are prerequisites to give instructions to a chain of computers which control rocket thrusts and moving airframe parts such as steering rudders.

● **Landing Systems:** The shuttle has an automatic landing system which uses computerised range-finding equipment to control 44 small rocket thrusters. These help guide the shuttle as it lands at 200 mph.

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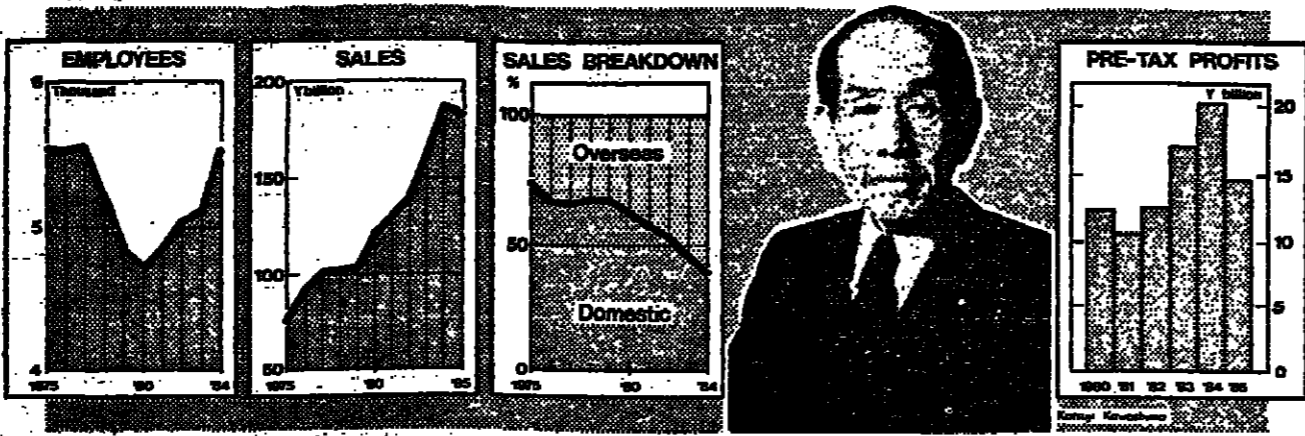
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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

STUDENTS of large Japanese companies tend to fall into two camps. The first believes that Japanese companies simply do things better than Western companies. The second group believes that Japanese companies cheat.



Why Brother sees a dilemma in expanding overseas

Carla Rapoport on the Japanese company's fear of losing its suppliers' technology

This is the story of Brother Industries, the 32-year-old sewing-machine company which became the wonderchild of the typewriter business when it pioneered its featherweight electronic portable in 1980. Brother's story is unlikely to make any converts among those in either of the two camps mentioned above. However, it does go a long way towards illuminating the reasons for the successes of many export-oriented Japanese companies over the past decade.

measure of the company's steady success that one of its top officers recently described in funeral tones, a 15 per cent drop in pre-tax profits as the worst in the group's history.

Based in Nagoya, Tokyo's third largest metropolis, Brother is now coping with the responsibilities of its years of success overseas. Considering Japan's huge trade surplus with the West, many say that large exporters like Brother should invest in production facilities near their major markets.

currently under way, for example, will only cut down domestic sales by 2 per cent and sales of Brother's business machines division by 4 per cent. As a result, no job cuts are forecast among the 2,000 employees in business machines.

train each other. They are treated like one of us while they are here," says Watanabe. Why do they return to the small shop? "Most of those engineers select the small company for the freedom they can have to express themselves fully. Often, the rigid structure of the big company prevents that freedom," says Watanabe.

widening its UK component production, and these have been "favourable," it says.

Still, at no time in its history has its technical know-how been more crucial to its future success. Yoshihiro Yasui, one of three senior managing directors and in charge of R and D says: "In the past, it took five years to develop a product and it could enjoy five years of sales. Now, it takes five years to develop a product and it has about two years of sales. So, in order to keep pace with the changes, we just have to be quicker."

Masami Hanzono, one of two managing directors, puts it another way. In 1980, he says, 7m units of mechanical (electric and manual) typewriters were bought worldwide. In 1983, the market had discovered electronic typewriters. By 1985, 9m typewriters were sold, only 50 per cent of these were mechanical, mostly portable. The rest were electronic. By 1990, according to Hanzono, the market will absorb 12m units, but only 20 to 30 per cent of these will be electronic and only 15 per cent or so mechanical. The new product does not really have a name, but it will be a typewriter-word processor aimed at the home or office typist who does not need or want a full word processor, but simply a typewriter with good editing and memory capacity.

In three years Hanzono expects the new home word processor to take over in the typewriter market. The key is cracking the \$300 per unit level. Right now we have a word processor for \$500 to \$600. The maximum it will take us is three years," he says.

At the same time, Brother will be coping with the effects of a strengthened yen. A stronger yen, according to Brother officials, means even more production efficiency and finding one new electronic component, for example, which can be used where two components were used previously.

Exports, of course, will have to drop back somewhat. But a co-ordinated effort to move production abroad will be some years ahead, if ever. Yasuo Isono, Brother's corporate planning office manager, sums it up: "It is not easy for Japanese companies to achieve a target which few other companies have achieved in foreign countries. Most of the things going for us in Japan cannot be exported. These are cultural things, one language, high educational standard, high motivation, political stability.

"These things have been given the name Japanese management, but they are not management. They are unique to Japan," he concludes.

In electronics, Brother says that one way out of its current difficulties is to encourage Japanese component makers to produce in the UK. Brother has been in talks with NEC on

Vignettes of excellence

Christopher Lorenz on a management thesis

A BURLY figure dressed in sweatshirt and jeans climbs out of a Mercedes and makes a bee line for a pot of paint. Sir Terence Conran, chairman of the thriving Habitat-Mothercare retail empire, has come to help his staff put the finishing touches to a new complex of stores in London's Tottenham Court Road.

At ICI, Conran's equally colourful counterpart, Sir John Harvey-Jones, frequently indulges in what he calls "a sort of public striptease." When he sits in on the chemical giant's management courses he speaks bluntly. "I go out of my way to heighten our awareness of the way we make mistakes. . . . After all, the company isn't run by a bunch of supermen. We have the same limitations as anyone else."

In their different ways, the two men's actions serve similar purposes. Conran's characteristic "mucking-in" with his staff in 1984 was, among other things, calculated to reinforce his company's energetic, entrepreneurial culture at a time when the organisation's rapid growth in size could have easily swamped it with remoteness and bureaucracy.

Several stages further along the chain of organisational evolution, Harvey-Jones was — and still is — trying to liberate the many divisional sub-cultures within ICI from the heavy chain of hierarchy and centralisation which bound them for 30 years, until he took over in 1981 in the midst of the company's worst-ever financial crisis.

These revealing vignettes, and a host of others like them, are contained in "The Roots of Excellence," by Ronnie Lessem, a business consultant and academic, which forms part of a new series on "The Successful Manager."

The series is being compiled under the aegis of Britain's Association of Teachers of Management. It already includes books on "Managing your own career," "manage your time" and "managing yourself." Volumes on such topics as organisational change, "superteams" and "managers who think" will be published in September.

Lessem's contribution is both fascinating and flawed. By analysing the experience of companies of very different size

Jargon free

In spite of a few quirky phrases and concepts, the book is refreshingly free of the complexities and jargon which bedevil most of the (mainly American) work which is already available on the subject.

But Lessem fails adequately to illuminate his central argument: that large companies must now move beyond the stage of mere "managing" into a new and much more diverse and flexible style of operation, which he (rather confusingly) calls "the developing corporation."

Like a growing number of American writers and academics in recent years, he certainly establishes the need for this new type of organisation. But, though he claims to go further in his analysis and prescription than such best-sellers as "In Search of Excellence" (much of whose terminology he borrows), he fails clearly to point the way.

As he says, pioneers such as ICI are only just starting to grope their way into what, for practitioners and observers alike, is virtually virgin territory. Both parties have plenty of work to do before the new ideal becomes a reality. Lessem's book is a provocative and thoughtful interim contribution.

Published by Fontana in paperback at between £2.95 and £3.95.

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**Union accepts  
TUC ruling on  
Murdoch plant**

By PHILLIP BASSETT AND HELEN HAGUE

THE TRADES Union Congress (TUC) crisis with the EETPU electricians' union over News International's (NI) new printing plant at Wapping in east London was effectively ended yesterday.

The electricians' decision to accept six TUC directives concerning Wapping almost certainly ensures that the union will not be suspended from the TUC.

It came as leaders of the general print union met, for the first time, the arbitrators appointed by the High Court to seize the union's assets. This was authorised for contempt of court charges brought against the union for its blacking at wholesalers of News International's newspapers - The Times, The Sunday Times, The Sun and News of the World.

Members of the EETPU look less than keen to decide whether to agree to the TUC's directives. These require the union to assist further in recruitment to NI, not to recruit into the union and to tell EETPU members at NI that they are carrying out work normally done by other

print union members; not to negotiate separately with NI, and to try to establish joint negotiations with the company, not to reach any agreements with NI; and not to reach any single-union agreements except as provided for by the TUC.

The EETPU's acceptance of the TUC's conditions does bind the union's activities over Wapping although the union does not have to instruct its members not to cross picket lines at the plant.

Refusal of the conditions would have led to disciplinary action, possibly including suspension and expulsion, being taken by the TUC against the union, but on being told of the EETPU decision, the TUC stood down plans for an emergency general council meeting set for this afternoon.

Bankers told Sogat yesterday that all accounts had been frozen as a result of the sequestration order. Sogat's action was taken after NI sacked more than 5,000 print workers who had been on strike over the switch of newspaper production to the Wapping plant. Electricians there have been doing work traditionally done by print workers.

**Lloyd's expected to  
keep bar on Posgate**

By JOHN MOORE, CITY CORRESPONDENT

THE RULING council of the Lloyd's insurance market in London is set to bar Mr Ian Posgate from underwriting to the market as an underwriter after a period of suspension. Officially, the suspension was imposed to enable the notification of the decision and to draft a letter informing Mr Posgate of the council's latest view of his reapplication to work in the market.

Mr Posgate has been attempting to return to the market after a six-month suspension. He had been

found guilty of receiving gifts designed to influence his underwriting judgment at Lloyd's.

In his campaign to return to the market, Mr Posgate is supported by Mr Colin Baillieu, a member of the Lloyd's council, who is one of the eight representatives of the members who do not work at Lloyd's.

Mr Posgate intends that Mr Baillieu should become chairman of the underwriting agency Posgate & Denby, where Mr Posgate's family holds a controlling equity interest.

**Defence  
Ministry  
reviews  
priorities**

By Kevin Brown

THE MINISTRY OF Defence is carrying out a review of long-term commitments which will entail "difficult decisions," Mr George Younger, the Defence Secretary, told the House of Commons yesterday.

Mr Younger insisted, however, that there was no need for any fundamental change in defence commitments or the main roles undertaken by the armed forces.

He said the review was part of the normal annual process of determining priorities in order to match forward programmes to available cash.

"I am not conducting a defence review in the terms that the Labour Party considers it. I am looking at the present position of resources, and some difficult decisions will have to be taken. But there will be no need for any change in our main defence costings," he said.

Mr Dennis Davies, the shadow defence secretary, said Labour welcomed the announcement of the review, which would show that the defence budget was out of control by about £1bn.

Mr Davies said the Government would find it impossible to finance the Trident nuclear missile system and its existing commitments to conventional defence.

Mr Nicholas Soames said it was "folly" for the Government to pretend that there was no crisis in defence spending. "It is far better to have a defence review now to tackle the fundamental choices, rather than waiting until the position becomes untenable," he said.

Mr Younger said the Government had set out quite clearly what defence spending would be over the next three years. He said it was 20 per cent higher in real terms than the level of 1979, and insisted that there was a firm commitment to the Trident programme.

Later Mr Younger refused to confirm a claim that the Government is considering buying or leasing six Advanced Warning and Control (Awacs) aircraft from the US to replace the troubled Nimrod airborne early warning system being developed for the RAF by GEC.

**Tory MPs spring to  
Thatcher's defence**

By IVOR OWEN

MINISTERS joined with Conservative backbenchers in the House of Commons yesterday in rallying to the support of Mrs Margaret Thatcher, the Prime Minister, as Labour MPs sought to exploit her recent difficulties by suggesting that she would be their biggest asset at the next general election.

Launching a sustained barrage of mockery and ridicule, Labour backbenchers hailed the Prime Minister's entry into the chamber by waving their parliamentary order papers in the air - a ritual normally associated with a parliamentary triumph.

Mrs Thatcher responded in kind by scorning her tormentors an exaggerated bow as she stood to answer questions.

She was momentarily put out of her stride when Mr Mervyn Rees, the Labour MP who acted as campaign manager for Mr James Callaghan when in 1976 he outstripped the other contenders in the race to succeed Mr Harold Wilson (now Lord Wilson) - the last Prime Minister to step down at the halfway stage of a parliament - invited her to comment on the speculation about how much longer she is likely to occupy No 10 Downing Street.

He referred to the "brilliantly coordinated" speeches made by Mr Michael Heseltine, the former Defence Secretary, and other likely contenders, for the Conservative leadership at Blackpool last weekend, and asked if she would be leading the Government into the next general election as Prime Minister.

Mrs Thatcher retorted that she had seen off two Labour governments and added: "I hope to see off a third."



Mrs Thatcher: 'Seen off two Labour Governments'

Labour MPs roared their approval at this implied admission that she expected to see another Labour government take office, but Mrs Thatcher quickly recovered when Mr Neil Kinnock, the Labour leader, joined the exchanges. He emphasised that the number of people who had been unemployed for more than a year now exceeded the total number who were out of work when she took office in 1979.

Mrs Thatcher told him that she had seen off three Labour leaders (Mr Wilson, Mr Callaghan and Mr Michael Foot), and declared, to government cheers: "I hope to see you off, too."

Mr Kinnock dismissed this claim, saying it had not convinced anyone on the opposition benches and very few on the government benches. He complained that if she remained Prime Minister much longer, she would "see off the country."

**Committee still awaits  
Westland documents**

By PETER RIDDELL, POLITICAL EDITOR

NEGOTIATIONS were continuing last night about the defence select committee's request for full texts of key ministerial documents in the Westland affair.

This follows claims by Mr Michael Heseltine, the former Defence Secretary, to the MPs last week that the summaries provided by the Government are misleading.

The dispute concerns the extent to which the Government and Mr Leon Brittan, the former Trade and Industry Secretary, were evaded in meetings last October with Westland, and whether he subsequently changed his mind.

Whitehall officials do not see anything in the position that cannot be resolved, although they insist that nothing material was omitted from the summaries. Committee members believe that they will see the substance of the documents, possibly in confidence.

The committee said it had received an offer from Mr Alan Britton, the former helicopter operator, to give evidence and will bear this offer in mind when it meets to consider the further list of witnesses it may wish to see.

**Final offer  
on Nimrod  
made  
by GEC**

By Bridget Bloom

GEC, the UK electronics group, has submitted its final offer to the Ministry of Defence (MoD) for completing development work on the controversial Nimrod early-warning aircraft. The future of the aircraft is to be discussed by the Cabinet later this week.

The GEC offer, submitted late on Monday, is described by the company as involving important changes in the proposals put to the MoD before Christmas.

Ministry officials made clear yesterday that Mr George Younger, the Defence Secretary, would still seek Cabinet approval to cost alternatives to Nimrod as a possible prelude to cancellation of the whole project.

The alternatives are believed to include not only the purchase of the US Awacs (advanced warning and control system) aircraft from Boeing but the possible leasing of Awacs from the US Air Force to fill the immediate gap in Britain's air defences.

It is understood that GEC's new proposals alter neither the price nor the timescale for completing development work on the complex radar and electronics systems, known as the mission avionics, which have failed to work to the RAF's satisfaction.

GEC has offered a price of about £245m, excluding value-added tax and finance charges, and says it will complete most of the work under a fixed-price contract, by December 31 1988. It is seeking an extra six months, until May 1989, to complete the RAF's requirement for sustained tracking of targets.

The company now says it has narrowed down its differences with the RAF and is able to meet all but five of the RAF's 48 detailed requirements, which would enable it to reach what is termed the minimum initial operating capability by the end of 1988.

It wants further discussion of the five outstanding items, but says these are not critical and would not add to the overall costs.

The 11 Nimrod aircraft, originally ordered in 1977 in preference to Awacs, are already three years late in entering service. By last November, they had cost the equivalent of £282 at today's average prices, Mr Younger told the House of Commons yesterday.

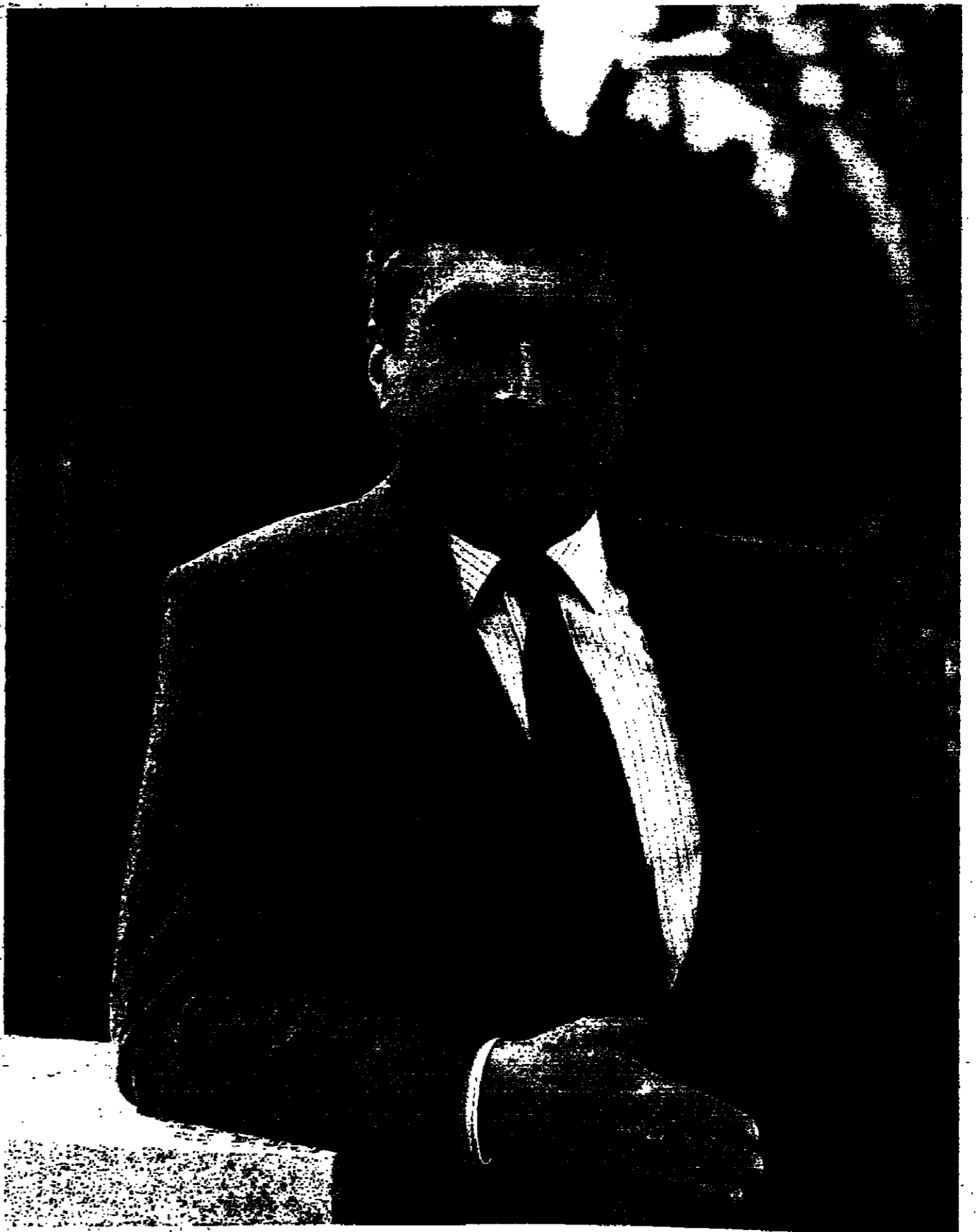
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Table listing serial numbers of bonds to be redeemed, organized in columns. The numbers range from 7 to 2032 across 10 columns.

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UK NEWS

(Continued from the preceding page.)

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Payment of the redemption price and accrued interest to such date of redemption will be made on or after March 14, 1986 upon presentation and surrender of the Bonds to be redeemed, together with all appurtenant coupons maturing subsequent to March 14, 1986 at the principal offices of any of the following...

Appeal opens over ownership of TSB

Financial Times Reporter AN APPEAL by the Treasury and the Trustee Savings Bank (TSB) against a Scottish judge's decision last November that the bank's assets in Scotland belong to the depositors began in the Court of Session in Edinburgh yesterday.

The case has delayed the planned £1bn flotation of the TSB, which had been scheduled for this month. The Treasury had considered that the assets belonged to the bank itself, but Lord Davidson held that TSB Scotland was an unincorporated association and that the assets were the property of its depositors.

Under the new legislation, the assets would be transferred to a new company, effectively achieving closure of Mr Johnston's bid. The depositor who brought the case, Mr James Ross, a retired Scottish civil servant, contended that a transfer to a public company amounted to an appropriation of his property as a depositor if there was a surplus.

Mr Johnston said the essential contention of the Treasury and the bank was that the bank was a legal personality separate from the depositors, who were not members of the bank. The rights of depositors were regulated and limited by contract and the terms of that contract were to be found in the relevant legislation and the rules of the bank.

The essential contention of the Treasury, he said, was that the correct approach was to look at nothing further than the 1981 TSB Act. That act was a consolidation of previous legislation and the determining factor. The other approach, which found favour with Lord Davidson, was to look at the whole history of the bank and to construe the effect of the most recent legislation.

If one was to embark on this historical survey, the Treasury claimed, the result would be the same. But Mr Johnston's primary submission was that it was not necessary to look at the history of the bank. He argued that the 1981 Act regarded the bank as a society and that the depositors were customers and not part of the bank. Legislation made clear distinctions between the bank and the depositors. The bank and its property were wholly separate from the rights of depositors.

The hearing continues today. Mr Patie was speaking at the inauguration of McCarthy Online, the eighth electronic business service to be launched by the London-based Financial Times group. The new service has been developed from the McCarthy business card system. It offers a daily record of the full text of articles from 58 business publications from around the world via most existing desktop terminals.

Ford talks 'may have strained' Austin Rover link with Honda

BY JOHN GRIFFITHS HONDA is going to be very sceptical about its future links with Austin Rover after disclosure of the now-aborted talks with Ford, Professor Ben Jones, a motor industry analyst, warned yesterday. Current negotiations between Honda and Austin Rover on a further collaboration project, a joint replacement for the Maestro and Rover 200 series, have become "very heated" since disclosure of the talks with Ford, said Prof Jones. An agreement committing Honda and Austin Rover to the project is due for signing in the next few weeks. Prof Jones, senior research fellow at the University of Sussex's science policy research unit, said it was "very unlikely" that Honda would have been informed about the talks with Ford.

Robot installation rate slackens

BY GEOFFREY CHARLISH FIGURES released yesterday by the British Robot Association show that the rate at which the UK is installing robots has slowed in the last year for the first time, while growth in West Germany and the US has accelerated. Since 1983, both the UK and West Germany have roughly doubled their robot populations, while numbers in the US have nearly trebled. A significant factor in the UK slowdown was the smaller number of robots installed by the road vehicle industry. Most UK plants suited to robotic spot welding of bodies have installed them.

Free shares offer to workers in buy-out

BY ANDREW FISHER EMPLOYEES of the Vickers and Cammell Laird shipyard have been made an offer of £150 of free shares for every £500 or more they buy themselves, if the joint management and employee buy-out succeeds. The free shares will come from the holdings of Lloyds Merchant Bank and other institutions backing the buy-out. If all 14,000 employees of the two yards in north-west England buy £500 worth of £1 shares, free shares worth £2m could be issued. Mr Richard Fortin, head of the Lloyds team handling the buy-out, said the share offer had not previously been made in a UK buy-out. The Trafalgar House group has also expressed interest in buying the yards.

The institutional backers will actually be giving away a proportion of the shares they will have bought, Mr Fortin said. Vickers and Cammell Laird are the last of the shipyard yards owned by British Shipbuilders to be put up for sale. Vickers, a highly profitable yard, will build nuclear submarines for the Trident project. But the signing of the first order has been delayed by its demand for firm assurances of compensation if Trident is cancelled. The joint Vickers and Cammell Laird sale will be the largest under the shipyard privatisation ordered by the Government. Swan Hunter on Tyne, Vosper Thornycroft in Southampton, and the small Brooke Marine yard in Suffolk have also been sold to management teams. The Government is expected to sell the state-owned National Bus Company (NBC), Britain's largest bus operator, to split three of its subsidiaries ahead of privatisation. The decision, which NBC now appears to have accepted reluctantly, follows the view of Mr Nicholas Ridley, Transport Secretary, that the subsidiaries - Ribble Motor in north-west England, Crowle Motor in North Wales, and London Country Bus - would dominate their areas and inhibit competition.

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## Merger policy under test

IN THE NEXT few days, the UK Government has to make some awkward decisions about whether to intervene in a number of large takeover bids by referring them to the Monopolies Commission. More or less whatever course of action it decides to take, some of the interested parties will cry "foul". In its present bruised state, the Government may be tempted to take what might look like the soft option and refer the whole lot to the Commission. But provided it holds fast to the view that competition issues are that should primarily determine Monopolies reference, it should not go far wrong.

In the case of the rival bids for Distillers by Argyll and Guinness, the Government has already given unconditional clearance to the Argyll offer, which was made well before the rival bid came on the scene and does not raise any questions about competition or the public interest. The same cannot be said of the Guinness bid. By putting Distillers alongside its recently acquired Bell's subsidiary, Guinness would end up with well over a third of the important UK Scotch whisky market, and an even bigger share of the top selling brands. With its portfolio of other important products, Guinness would develop increased market power in the UK drinks business.

The arguments are not clear cut. In the domestic market, the enlarged group would still have to cope with the formidable buying power of the multiple retailers and the brewers' tied estates. These are not the kind of customers that can readily be exploited—which is, incidentally, also an argument for not referring the rival bids for Coats Patons to the Commission. In the international Scotch whisky market, Guinness believes that the industry needs to consolidate on a strong home base in order to tackle growing competition from powerful companies in Japan and North America. The Government made it clear last year that it would be less likely to worry about concentration in the home market if a strong domestic base was necessary to enable the UK to compete in world markets. But although the decision will be finely balanced, there is probably enough uncertainty to justify a reference. A consolidation at home is not necessarily the right recipe for suc-

## France picks up a windfall

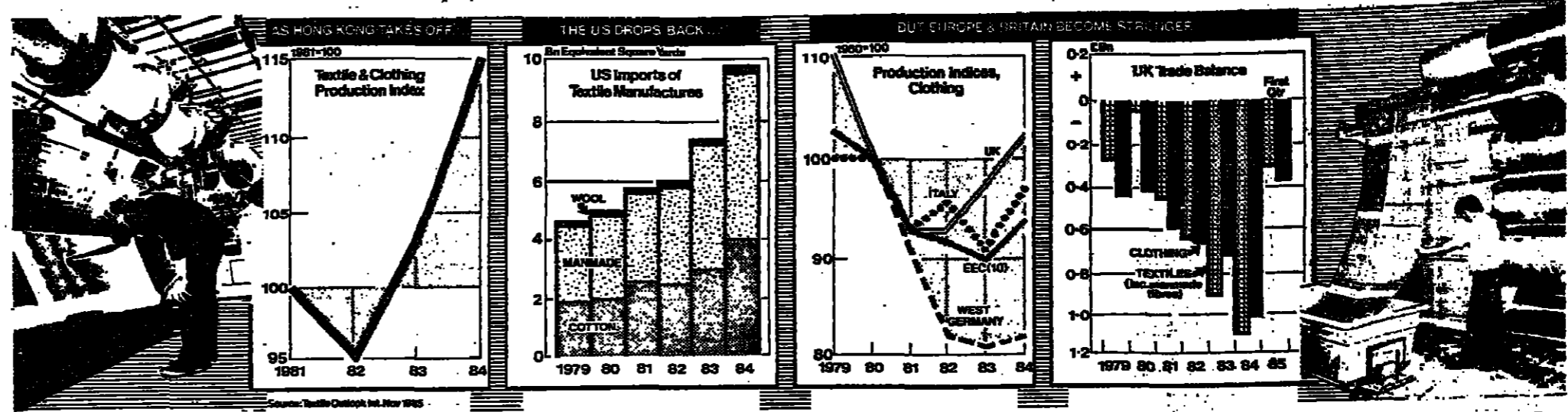
THE OUTCOME of next month's French parliamentary election which, only a few weeks ago was considered to be a foregone conclusion, has suddenly become much less of a certainty. The neo-Gaullist and centrist opposition parties are still expected to win an overall majority in the National Assembly, but the latest public opinion polls indicate that their victory will not be quite as much of a landslide as has been generally assumed. If present trends are confirmed, the Socialists, while losing their absolute majority, could remain the biggest party in parliament, thus giving President Francois Mitterrand much more room for manoeuvre in forming a government than once seemed possible.

Among the three main factors which have modified the electoral picture—the turnaround in the economic situation, the divisions of the opposition and President Mitterrand's personal intervention in the campaign—the state of the economy is the most striking and unexpected.

Still heavily dependent on imported oil for its energy needs, in spite of its ambitious nuclear energy programme, France is expected to see its oil bill reduced by one-third this year and to register a substantial trade surplus after a series of regular annual deficits. Inflation, already on the way down, is forecast to fall to 3 per cent or less by the end of 1986, while economic growth is now expected to rise by 2.5 to 3 per cent this year compared with an original budget forecast of only 1.8 per cent.

The opposition leaders have been working almost as effectively as the dollar and the oil price to help the Socialists recover lost ground. Faced with the prospect of a constitutional crisis in the event of policy disagreements between a Socialist President and a National Assembly controlled by the present opposition, two of the main opposition leaders have said they would be prepared to "cohabit" with President Mitterrand.

# TEXTILES IN EUROPE AND THE US



THE speed and stealth with which Vantona Viyella's Mr David Alliance was able to seduce Coats Patons from a betrothal to fellow Scottish group Dawson International, announced only a fortnight ago, is typical of the way he has in the last few years put together one of the biggest and most important textile groups in the world.

Ten years ago Mr Alliance, born an Italian and now a naturalised British subject, was running a small export concern called Spirella. This he merged with Vantona, a medium-sized textile company, then in 1983 with Carrington-Viyella. Monday's deal with Coats Patons, famous for sewing threads and Jaeger and Country Muir name brands, will create the biggest company of its sort in Europe. Capitalised at £1.2bn, Coats Viyella, as it is to be called, will stand comparison with such giant American concerns as Burlington Industries, J. P. Stevens and Levi Strauss.

Outside this select band only Courtaulds in the UK and the leading Japanese trading houses such as Itoh and Marubeni, which have a radically different form of organisation, are in the same league. The question now Mr Alliance has joined the big league, is how his company will fare at a time when low price competition from the Far East is forcing radical changes in textile companies in Europe and North America.

Although there are big differences between these leading companies, all have had to find ways of defending their domestic markets, a radically different in their strategies is to secure closer links with retailers, enabling them to respond more swiftly to changes in fashion. This "quick response" approach is underpinned by investment in new machinery capable of more flexible production patterns.

The immediate strategy behind the Alliance move was to give his group an international reach. The Americans would like to pursue a similar course. With operations in 30 countries, most of them complementary to Vantona Viyella, Coats Viyella is already the UK market leader in household textiles (Dorma sheets), shirts (Peter England, Rocca, Viyella), uniforms and knitwear. It shares with Courtaulds the role of main supplier to Marks and Spencer and is strong in carpets and hosiery.

## New alliances and new lines of attack

By Anthony Moreton

All these sectors are now capable of being expanded through Coats's overseas connections. In addition, it has gained Coats's high-class Jaeger retailing chain and Jean Muir name into which it would be possible to put some of its Van Heusen and Viyella clothes. No other European country has anything like the strength of Courtaulds or Coats Patons in either their degree of vertical integration or the way in which they have established operating profit centres and links of command through to the retailer—the key to success as both Next and Laura Ashley have proved.

France had the makings of an international group in Bouscay until its collapse in the late 1970s. Large textile companies, such as Froustov and Dollfus, Mieg exist but have not gone far enough down the road into clothing to be seen as international groups. Many of France's textile producers have always seemed more interested in diversifying outside the industry than within it.

Neither Germany nor Italy has even attempted to go along the path. The big fibre producers—Hoechst, Enka, Bayer Fibre and Montedison—have remained big fibre producers. Leading companies like Benetton of Italy are no more than medium-sized by British standards. They have prospered by finding a niche in the market. There are plenty of such niches in the fashion world. The Japanese, with their vastly different organisational structure, have followed a different path. While the big textile producers, such as Teijin, have remained faithful to fibre production, some of their big trading houses such as Itoh and Marubeni have bought into producers and retailers in order to influence both production and marketing.

But it is in the US that some of the most interesting developments are now taking place, stimulated to a considerable extent by the sharp rise in cheap imports from the Far East and Latin America since the middle of 1983, when the dollar was very strong. The American industry has always been insular and, with the exception of jeans companies such as Levi Strauss or Farah, few are known by name in Europe. It consists of companies churning out long runs of standard, non-fashionable, reasonably cheap clothes. These are the lines most at risk from the industries which

have grown up in the last 25 years in the Far East, especially those in Hong Kong, Macau, Taiwan and South Korea, and increasingly in Indonesia, the Philippines and Singapore. Many of the companies have been set up with the aid of offshore Japanese finance. Like the Europeans, American companies are now starting to pursue a strategy of moving nearer to the customer, incorporating a higher fashion content, and reacting more quickly to changes in fashion. In this part of the market, there's greater added value and a better prospect of beating back the surge of cheap imports.

American managers had looked at their massive clothes market, worth \$100bn (over £70bn) at retail level and discovered they were losing a quarter of it through mark-downs at sale time and through shortages of stock in successful lines. They also discovered that if they could halve the average 60 days it took from a retailer's selling a shirt or pair of trousers to its replacement reaching the shelf, they could not only sell more but sell more American-made goods. This they have done by delegating responsibility to line managers who run operations small enough to know exactly what is happening in the market place. The success of large companies comes from giving wide ranging powers to divisional executives.

As a public relations exercise, the US industry had already launched a "United Buy American" policy — with Pride campaign — which urged consumers to buy American goods. It was instituted in 1974 to allow western industries time to reorganise to compete with the inflow of cheap goods from the Third World. The MFA comes up for renewal this July and President Reagan has told his negotiators to take a tough stance on imports.

Recently the president has taken this line when Coats Viyella and Courtaulds, as well as other European concerns, have shown that given correct cost structures and marketing links, European industry can find its own competitive edge. Mr Alliance has frequently said he can now make goods such as shirts as cheaply in the UK as the landed price of imports. With a domestic manufacturer's shorter supply chain, he can get clothes from his factory to shop shelves in days rather than the months it takes from South Korea—the "near" import competition.

Earlier, Springs, number four in the pecking order

## Mystery of the missing millions

THE US Federal Reserve has a problem. Like all good central banks it likes to keep tabs on who is holding all the money it prints. So it is more than a little surprised to find that it cannot track down \$138bn, or some 88 per cent of the cash in circulation.

The Fed recently conducted a study on the use of cash by American families and found that the average cash holding per individual amounted to about \$100. After allowing for children, prisoners and other individuals who are not supposed to have such money, the Fed calculates that Americans are carrying about \$18bn at any one time. This is only a fraction of the \$138.9bn which is circulating in the economy.

"I wish we knew where the rest of it was," says Paul Spindt, one of the authors of the study which is reported in the February issue of the Federal Reserve Bulletin. "This survey whets our appetite for more information. It shows, in some sense, how little we know."

The Fed believes that part of the missing cash is held by businesses and some more is held by persons under the age of 18. But unless US pocket money has got completely out of hand, it is unlikely that children hold more money than their parents. And the Fed says there are strong economic and safety reasons why the cash holdings of businesses are kept to a minimum.

## Men and Matters

will talk with relative freedom about classified aspects to the press. This has created its own problems. Those likely to want to attend the session include individuals from the defence industry (who can be relied on not to pass on the juicy bits of Star Wars to Russian spies and inquisitive journalists), also representatives from the civilian sector who may be less schooled in keeping their mouths shut about sensitive subjects.

The result is that the ministry officials are frantically conducting security checks on all those who want to attend.

As counsel for the defence in a murder trial at Carnarthen Assizes some years ago, Elwyn-Jones challenged, and secured the removal of a juror who, he thought, seemed unlikely to have any sympathy for his client.

The juror turned out to be the next door neighbour of Elwyn-Jones's sister in Llanelli. Apart from the fact that it took quite a long time to restore neighbourly relations, says Elwyn-Jones, the challenge did him no good at all. His client was convicted and duly hanged.

Star ratings  
If you want to discover your security rating you might try asking the defence ministry for a ticket for what is likely to be a sell-out event next Tuesday—a briefing on how British companies can participate in the Pentagon's Star Wars project.

## BASE LENDING RATES

ABN Bank	12 1/2%	Middle East Bank	12 1/2%
Allied Dunbar & Co	12 1/2%	Monaco Bank	12 1/2%
Allied Irish Bank	12 1/2%	Heritable & Gen. Trust	12 1/2%
American Express Bk	12 1/2%	Hill, Samuel	12 1/2%
Amro Bank	12 1/2%	C. Hoare & Co.	12 1/2%
Bank of Cyprus	12 1/2%	Hongkong & Shanghai	12 1/2%
Bank of India	12 1/2%	Johnson Matthey Bkrs	12 1/2%
Bank of Scotland	12 1/2%	Knorvel & Co. Ltd.	13 %
Banque Belge Ltd	12 1/2%	Lloyds Bank	12 1/2%
Barclays Bank	12 1/2%	Edward Manson & Co.	12 1/2%
Beneficial Trust Ltd	12 1/2%	Meghraji & Sons Ltd.	12 1/2%
Brit. Bank of Mid. East	12 1/2%	Mutual Bank Ltd.	12 1/2%
Brown Shipley	12 1/2%	Morgan Grenfell	12 1/2%
CL Bank Nederland	12 1/2%	Mount Credit Corp Ltd	12 1/2%
Canada Permanent	12 1/2%	National Bk of Kuwait	12 1/2%
Cayzer Ltd	12 1/2%	National Girobank	12 1/2%
Cedar Holdings	13 %	National Westminster	12 1/2%
Charterhouse Japhet	12 1/2%	Northern Bank Ltd.	12 1/2%
Citibank NA	12 1/2%	Norwich Gen. Bank	12 1/2%
Citibank Savings	12 1/2%	Peoples Trust	12 1/2%
City Merchants Bank	12 1/2%	PK Finance Intl. (UK)	12 1/2%
Clydesdale Bank	12 1/2%	Provincial Trust Ltd.	12 1/2%
C. E. Coates & Co. Ltd.	12 1/2%	R. Raphael & Sons	12 1/2%
Comm. Bk. N. East	12 1/2%	Roxburgh Guarantee	13 %
Consolidated Credits	12 1/2%	Royal Bank of Scotland	12 1/2%
Continental Trust Ltd	12 1/2%	Royal Trust Co. Canada	12 1/2%
Co-operative Bank	12 1/2%	Standard Chartered	12 1/2%
The Cyprus Popular Bk	12 1/2%	TCB	12 1/2%
Duncan Lawrie	12 1/2%	Trustee Savings Bank	12 1/2%
E. T. Trust	13 %	United Bank of Kuwait	12 1/2%
Erster Trust Ltd.	13 %	United Mizrahi Bank	12 1/2%
Financial & Gen. Sec.	12 1/2%	Westpac Banking Corp.	12 1/2%
First Nat. Fin. Corp.	12 1/2%	Whiteaway Laidlaw	13 %
First Nat. Sec. Ltd.	12 1/2%	Yorkshire Bank	12 1/2%
Grindlays Bank	12 1/2%		



THE RECENT disclosure that Japanese banks have overtaken the Americans to become the world's largest holders of Western banking assets dramatically underlines the remarkable growth of Japanese financial institutions.

But the news can hardly have come as a surprise to international bankers who have observed that growth for some years with a feeling already clearly in the air that Western manufacturers of motor cars and electronic consumer goods. And it is certain to strengthen calls from the international banking community for a level playing field in their market.

Only a few weeks ago, Mr Peter Leslie, the chief executive of Britain's largest bank, Barclays, made what was for a banker an uncharacteristically outspoken comment about Japanese banks: in effect he accused them of building up excessive market share in the UK through unfair tactics.

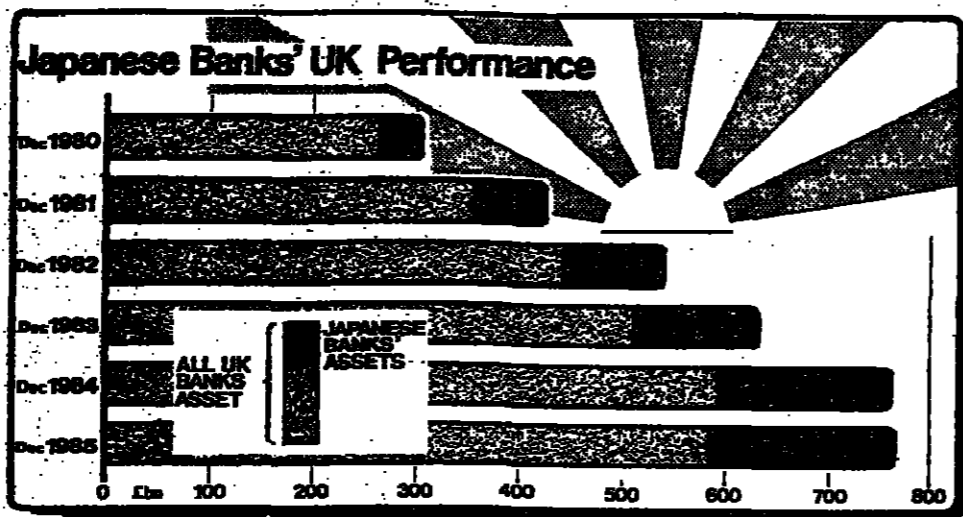
London has had a long tradition of welcoming foreign banks, and the Japanese banks are playing a valuable role in the growth of London as a financial centre, he said. "But some, at any rate, of the rapidly increased market share of the foreign banks compared with the UK banks is certainly due to the lack of consistency in regulation and control."

The Japanese banks' new supremacy was set out in the latest quarterly report from the Bank for International Settlements in Basle. This showed that at the end of last September their assets outside the home country (loans and securities) totalled \$640bn, substantially more than the Americans' \$580bn.

Much of this is concentrated in London, the centre of the international banking market, where the latest Bank of England figures show the Japanese banks holding just over 25 per cent of all banking assets booked in the UK. This is the most significant increase in the assets held by the big UK clearing banks. But since the Japanese share is rising and the British falling, the Japanese banks are very likely to emerge as the largest single force in the UK banking market in the first half of this year.

As with much of Japan's commercial expansion overseas, the banks' growth stems from a combination of a quest for new markets, an aptitude for picking up the latest single force in the UK banking market in the first half of this year. But what particularly concerns Western bankers is that Japanese banks are allowed by their authorities to operate from smaller capital bases which makes their costs lower. Moreover, the large Japanese banks like Sanmei, Daiichi Kangyo, Fudi and Mitsubishi

### JAPANESE BANKS



## The rise and rise of the cut-price lenders

By David Lascelles in Tokyo

still have only about a quarter of their assets abroad, compared with 50 per cent for a typical Western international bank. This leaves them considerable scope for further expansion.

Mr Ichiba Kumagai, head of international banking at Sumitomo, widely viewed as Japan's most aggressive banker, says: "The international share of our profits at the moment is about 20 to 25 per cent. We want to expand that because it's not enough."

With their domestic market saturated and only gradually shaking free after decades of over-regulation, the Japanese banks have aimed for two main areas abroad: commercial lending and merchant banking. Since the downturn in the international loan market which followed the Third World debt crisis, they have concentrated on loans to large corporations, and specialities, like the UK local authority market where they built up a dominant share.

But even those loan markets are now over-supplied, so the Japanese are concentrating like most international banks on building up their securities business in the Euromarkets. Last year, Bank of Tokyo, Industrial Bank of Japan and Long-Term Credit Bank of Japan were among the top 20

issue managers in the Eurobond markets.

Out throat and determined they may be, but the Japanese have also been very methodical about their approach to overseas markets. They study them hard before taking the plunge. Occasionally they have made foreign acquisitions to get hold of the necessary technology and expertise. Two years ago, Sumitomo bought a controlling stake in Banca del Gottardo, now Switzerland's largest foreign-owned bank, to get into the Swiss investment market. More recently, the Industrial Bank of Japan bought the J. Henry Schroder Bank in New York to learn about the US wholesale markets, according to Mr Susumu Okabe, IBI's managing director.

It is noteworthy that the Japanese banks have not involved themselves in the debt revolution by buying a stockbroker like many other foreign banks, a reticence which stems partly from unfamiliarity with the UK domestic securities markets and partly from the Tokyo authorities' unwillingness to let banks enter the equity dealing business.

Foreign observers in Tokyo believe that the Japanese banks, having obtained their commercial and merchant banking expertise, will make investment management their next

target market. Last year's decision by the Japanese Ministry of Finance (MoF) to allow foreign banks into the domestic trust banking business is viewed by many bankers as little more than a ploy to entice the West's fund managers and technology, so that it can be lapped up by Japan's still backward trust banks.

Mr George Curuby of the Tokyo-based financial services consultancy, International Business Information, who has advised many foreign banks entering the Japanese markets, said: "The Japanese are going to sack the foreigners and then spit them out." Western bankers feel they could match the competitive threat from Japan, were it not for the vexed, if technical, question of the Japanese banks' capital ratios. While most banks in Europe and North America are required to have about 81 of capital for every \$20 of assets, the Japanese get by with one for 40 under their regulations.

This higher gearing has two effects: it reduces the Japanese banks' costs, and in effect enables them to ignore rates of return on their capital.

The picture is complicated by the fact that Japanese banks have huge hidden capital

reserves in the form of unrealised profits on their investment portfolios.

Even so, they are less profitable than other banks. This is seen as evidence that they undercut markets. According to IBCA, the London-based banking analysis firm, Japanese banks made a net return on their equity of only 3.4 per cent in 1984, despite being able to gear it up more highly than banks in other countries. This compared to 6.8 per cent at UK banks and 12.8 per cent at US banks.

The Japanese banking threat poses something of a dilemma for Western banking authorities, particularly those in London and New York. They feel they cannot bar foreign banks from such big international financial centres so long as they behave prudently, and are adequately supervised by their own authorities—which the Japanese are by the eagle-eyed, all-powerful MoF.

And though the new financial legislation being prepared in the UK to deal with the deregulation of the City contains reciprocity clauses, they cannot be applied to Japanese banks now the Tokyo authorities have eased up on foreign entry regulations as part of the sweeping deregulation of their own markets.

But the Japanese authorities are responding to Western pressure to introduce further capital ratios, and they say they accept the need to co-operate with regulatory bodies from other countries.

The MoF has already introduced an experimental system of capital weightings for the banks' overseas branches. This measures their capital adequacy on the basis of the riskiness of their assets. It is now drawing up proposals for an overall risk asset scheme.

But the debate about the proposals is highly sensitive. Japanese banks obviously do not want to be shackled with sudden or heavy new capital ratios and in the give-and-take of Japanese financial regulation, the MoF will not deliberately undercut the banks' international competitiveness.

In the much broader context of Japan's commercial relations with the outside world some Westerners believe that a steady growth in Japan's invisible earnings from financial services could be a good thing. It does less direct damage to foreign economies in terms of job losses and factory closures and makes Japan less vulnerable to protectionist sentiment abroad. Through that, it might even enable Japan to be a bit more flexible in its negotiations on the far more touchy political question of its visible trade surplus.

### UK pre-emptive rights

## A system that is worth fighting for

By Jim Findlay

THE stock market has been described aptly as a marriage of convenience between those who wish to raise money and those who wish to invest money. Inevitably the relationship between these groups is prone to occasional tension, notably when a quoted company comes to the market for fresh capital.

That tension is very much in evidence in the run-up to the Big Bang on the Stock Exchange, as some leading corporate financiers argue for a change in the rules to permit American-style capital raising operations. The debate turns on the rights of existing shareholders in the company that seeks to issue new paper.

If a quoted company issues new shares at a discount to the market price, there is a risk that existing shareholders will lose out to new shareholders who buy into the company on the cheap. Hence the importance attached in British company law and in the Stock Exchange's present listing requirements to so-called "pre-emption" rights.

The recent Stock Exchange discussion paper, *Flotations and Pre-emption*, highlighted some of the important points of principle underlying rights of pre-emption. It is timely to look more closely at the likely consequences of any weakening of these rights.

Existing shareholders enjoy the fullest protection from unwelcome dilution of their interest in a company under the conventional British rights issue; the device of the transferable allotment letter ensures that they can participate pro rata in any favourable price movements arising from the capital raising exercise.

These shareholders are less protected in a share placing, or partial rights issue, whereby shares are offered to a select group of investors instead of all the shareholders. Financial advisers sometimes recommend a placing to corporate clients on two grounds. First, the method is said to be cheaper, partly because the discount on a placing is narrower than on a conventional rights

issue, so reducing the cost. Second, a placing is said to involve a more flexible timetable.

Both arguments are open to question. The narrower placing discount does not benefit all the proprietors of the company since it transfers value from some old shareholders to new ones. The true cost of the capital raising exercise must take account of this transfer.

As for timing, it is not clear that rights issues are unduly inflexible as those made to finance acquisitions are not subject to delays arising from the capital issues queue. Whenever a corporate client on the issue requires subsequent shareholder approval in general meeting, the timetable is not dissimilar to that required by a rights issue. Introduction of transferable allotment letters into a capital raising timetable should not present insurmountable difficulties.

It is important to recognise that the issuing house may find itself involved in a potential conflict of interest in advising a corporate client on the appropriate format for the issue. Under a placing the issuing house and its investment clients will usually have privileged access to the new shares. Sounding based capital issues are likely to have a favourable impact on the share price; a large capital profit can thus accrue to the fortunate participants in the issue at the expense of some existing shareholders.

It is also essential to note when comparing the relative costs of rights issues and placings, that the absence of underwriting commission in a placing will probably be more than offset by the prospect of immediate capital gains in respect of new shares retained by the placing group. Once again, most existing shareholders, in effect, bear the cost of these gains.

The dissipation of value from existing shareholders and inevitable dilution of their holdings cannot be expected to develop further the community of interest between company managements and shareholders.

As the Big Bang approaches, much is made of the importance of ensuring that London's position among international capital markets is not disadvantaged by unduly restrictive measures designed to protect shareholders in UK-based companies. However, greater protection for shareholders in London risks other financial centres might be expected to result in higher market ratings for London quotations. This might increase the number of companies seeking London listings.

In the US quarterly financial reporting facilitates the speedy arrangement of "shelf issues" but would similarly facilitate rights issues. Large multi-functional securities companies tender for new issues of shares in what is known as the "bought order" and shareholders seek compensation for any obvious abuse of pre-emptive rights through the legal process. Notwithstanding these techniques, issue expenses in the US are usually higher than in London.

Some companies argue that placings in international markets serve to widen shareholders' lists. This could be attractive to existing shareholders provided that the new shareholders paid the full market price or above for their shares. From a purely price standpoint the best solution is usually higher than in London to be met from the existing pool.

The pricing of new equity in international capital markets is often obscured by the technicalities of bond conversion rights and warrants, together with pre-issue market adjustment when an issue is priced some time after general details have been published. Evaluation of the various instruments used in the prevailing ordinary share price and new shareholders are subsidised by the old.

Shareholders have not sought to apply an absolute ban on the issue of shares to a non-voting holding group. They have supported the power of companies to issue up to 5 per cent of their equity for cash subject to annual authority by special resolution.

We believe that there are advantages to companies as well as to existing shareholders in retaining the principle of pre-emptive rights. We must ensure that the capital raising system is as flexible and competitive as is necessary in an international context.

The author is managing director of Prudential Portfolio Managers.

### Manufacturing industry

From Mr J. Estwell and Mr H. Neuburger

Sir,—At the core of one side of the arguments in the recent correspondence on UK manufacturing industry, the conflicting fallacy of confusing identities with behavioural relationships that he behind them. That the balance of payments must balance is a matter of accountancy which should be concerned with are the different levels and rates of growth of output, both domestic and foreign, and the level of the exchange rate associated with that balance.

The severe fall in manufacturing output which took place in 1980 and 1981, on a scale far in excess of that suffered by any other country, was not "inevitable". It was due primarily to the monetary and taxation policies pursued by the Government. The high levels of the interest rate and the exchange rate and the inflation stimulated by the increase in VAT, conspired to undermine British manufacturing industry. There was a dramatic fall in manufacturing productivity in 1980 and 1981. This is the result of the investment in manufacturing growth to which Prof Maynard refers has been a degenerate growth, associated with loss of capacity, not with expansion and modernisation.

North Sea oil provided Britain with a golden opportunity to break out of the stranglehold which the balance of payments has placed on the expansion of the economy since the war. Like all revenues had been invested in the modernisation of British manufacturing industry and the reconstruction of our decrepit infrastructure, then not only would Britain have avoided the worst ravages of the world recession, but also the country would have emerged with a strengthened manufacturing industry which could still fill the balance of payments gap in the next decade.

The higher rate of growth this modernisation strategy requires would, in circumstances of world recession, have precipitated a sharp deterioration in the materials balance and in the balance on manufactured trade, a deterioration financed by the surplus on oil account. The balance of payments would—in its inevitable way, have balanced—but at a higher level of employment and, given a policy of stimulating investment in manufacturing, high rates of non-degenerate produc-

### Letters to the Editor

Our long-term future rests in securing a more competitive industry. But there is a right way and a wrong way of attaining this objective.

The wrong way relies on real wage reduction, the investment in stagnant manufacturing sector "competitive". This is a futile solution with no hope of longer-term success in the face of competition from the Third World. No country has impoverished itself to prosperity.

The right way is to secure a high rate of productivity growth by the modernisation of our manufacturing industry. That modernisation can proceed only via a high rate of investment. The policies of this government have resulted in negative net investment in manufacturing in 1981, 1982 and 1983, and a rate of manufacturing investment which is today still 18 per cent lower than in 1979.

This is why our manufacturing deficit matters. It is a deficit of degeneracy and decay. Not a deficit which is a consequence of exploiting the opportunities offered by oil revenues to launch a constructive modernisation strategy for British industry.

John Estwell, Henry Neuburger, Economic Advisers to Neil Kinnock, MP, House of Commons, SW1.

Monopolies and water  
From Mr E. Hensch  
Sir,—Readers will have noted that the Thames Water Authority is very keen to be first in the queue for privatisation of its services. Equally, I think they should be made amply aware that in no way does such enthusiasm carry with it the imprimatur of its six consumer consultative committees; all have expressed reservations to varying degrees. That is not at all surprising since no convincing detailed evidence has yet been produced to show, clearly, that the public would be properly protected under a private monopoly of an essential and indispensable service and that consumers would be better off financially than under the present arrangements. In other words, the case for "privatisation" is "not proven".

gamate, it is very likely that such a proposition would be referred to the Monopolies and Mergers Commission to determine whether it would operate against the public interest.

On the other hand, the creation of a private monopoly for providing what is, undoubtedly, the most important commodity for sustaining life—water—when it is being given, effectively, the power to tax—hindered!

Roland Rench, 8, Minshall Place, Park Road, Beckenham, Kent.

Money and months  
From Mr C. Hickey  
Sir,—We are now told that the Government (taxpayer) have already contributed some £20m. needs to find another £150m in order to ensure the continued viability of BT.

Might not Mr Heath, for instance, who has both city and political links, be persuaded to get together with trades union leaders (so that labour and capital can be seen to form a credible consortium) for the express purpose of raising the client money to "restore faith in British industry." Might not such a solution offer everyone a truly democratic choice and "freedom of action," but this time to put their money where their mouth is. C. D. Hickey, Jarvets Farm, Balcombe, Sussex.

Archaeological remains  
From Mr J. Dayton  
Sir,—As an archaeologist and civil engineer (Chiswick Flyover, et al) I am always amazed that the public and the archaeologists accept that remains should be destroyed and lost forever when some new office block is put up in the City of London, and for that matter in the country generally.

Office blocks these days are constructed over deep holes in the ground in which are located heating systems and car parks. It is the excavation of the deep basements of these buildings that destroys the archaeological evidence, which is carted away and dumped on the Kent or Essex marshes. These holes are constructed in sheet steel cofferdams and concrete which

penetrate to the London clay and so provide curtain walls which keep out the groundwater in the London ballast. The blocks are usually built on piled foundations.

The solution is quite simple and costs little. Don't dig so deep. The loss of a couple of floors for the greedy motor car could be compensated by making multi-storey offices a little higher—giving the same amount of floor space. The cut-off-most floor, supported on columns within the cofferdam, could be constructed over the archaeological remains, which would then be available for all to see and visit.

As the Roman forum is known to lie under Leadenhall Market, visitors would be able to stroll once again on its very stones (under the new concrete buildings) and goods sold from all the shareholders.

Similarly, there was no need to destroy a Roman road at Dover—it could have been bridged over—ditto Thomas à Becket's garden at Canterbury. Do we have to go so deep and destroy every time for no real commercial purpose?

The trouble is that construction companies are terrified of archaeologists and the delays they could cause, while archaeologists generally are ignorant that their valuable remains could be so easily bridged over.

John Dayton, c/o Institute of Archaeology, Gordon Square, WC1.

Voluntary export restraints  
From Mr D. Greenaway  
Sir,—Mr Calvert's comments (February 5) on the effects of the voluntary export restraint on Korean footwear reveal a misunderstanding regarding his own figures. The basic issue is one of whether or not the VER affected import prices. We are content to conclude from our analysis that prices of footwear were raised by the VERs. Mr Calvert seems to be suggesting that other factors related to changes in product quality, stocks and so on were responsible for changes in the unit value of footwear imported from the Far East. If he is correct in his presumption that the VERs were not restrictive then he would presumably support their removal.

David Greenaway, University of Buckingham, Buckingham.

Space battles widespread  
From Mr P. Savage  
Sir,—I was interested to read (February 5) the headline "US plans computer network to simulate space battles." Do they not know that these are readily available in the amusement arcades throughout the western world? Paul Savage, Hilton, Sharp & Clarke, 30 New Road, Brighton.

"I don't much care how you got in there, Binder old bean, but I do wonder why."



We all know that Sir Bernhard Binder was too substantial a figure to climb into the bottle. It must have been made around him.

This, as he no doubt explained to R. Ashton Hamlyn, is deeply symbolic of our attitude to accountancy:

You best get inside your client's business by arriving early and staying put. Following in our founder's footsteps, our East Anglian partners have spent some years in plastic bottles.

We've helped the manufacturers grow from 20 employees to 120; from one factory to two; and add a building-products subsidiary.

During this time, we've done their auditing and accounting, naturally, and all the other things that major Chartered Accountants do.

But we get a lot more personal than that. Because in our Private Company Services, corporate and personal matters are inevitably intertwined.

We pay particular attention to share ownership and the retention of family control. We transfer capital into funds for children. We help our clients write their wills. All sorts of things.

One MD had been so busily building his business that when we found him at forty, with a wife and two kids, he had neither pension nor life assurance.

We swiftly fixed him up with both, of course. It's surprising what funds you can generate by reducing taxable profits and replanning the ownership of company property.

Perhaps we can arrange some profitable surprises for you. The coupon reveals all.

To: Stewart Ury, Binder Hamlyn, 8 St Bride Street, London, ECA 4DA. Telephone 01-353 5020. I feel you're bottling up a lot more information. Please send it to:

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
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**BinderHamlyn**  
CHARTERED ACCOUNTANTS

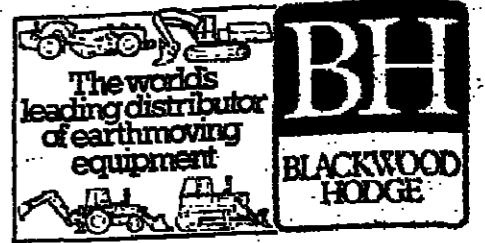
London/Ayr/Barnsley/Bath/Belfast/Birmingham/Bury St Edmunds/Croydon/Dublin/Enniskillen/Glasgow/Leeds/Manchester/Newcastle/Newmarket/Nottingham/Rochdale/Saltcoats/Sheffield/Stranraer/Telford/Wolverhampton/Internationally Binder Dijkster Otte & Co.



The Newport Argument
Relocation details on 0633 56906

FINANCIAL TIMES

Wednesday February 12 1986



SWEDISH GROUP GIVEN SECOND CHANCE TO TENDER

Anger over UK defence contract

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

BRITAIN'S Ministry of Defence has re-opened bidding on an army contract for helicopter missile sights in an attempt to win an order from Sweden for Westland helicopters.

Westland yesterday announced that it had won a £28m order for five Lynx helicopters from the West German navy, which already operates 14 of the Anglo-French aircraft.

British Member of Parliament and chairman of the House of Commons select committee on trade and industry, specifically made such a link in the parliamentary debate on Westland three weeks ago.

sets or barter arrangements, it recognised that these could be useful in some circumstances. For Westland, whose main problem has been shortage of work, any deal with Sweden would be highly significant, although the critical gap in its order book is over the next three years, too soon to be filled by any Swedish order.

UK farm minister moots curb on cereals output

By Andrew Gowers in London

MR MICHAEL JOPLING, the UK Agriculture Minister, yesterday presented farmers with a fresh proposal to curb the cereals surplus by encouraging marginal grain producers to take land out of production.

THE LEX COLUMN

Twelve good men and true

Amstrad

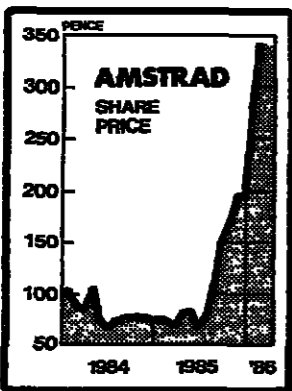
Westland has sensibly concluded that the Albert Hall is too capacious a venue for today's extraordinary meeting but it now appears that even the more modest Cossington Rooms may be a touch on the large side.

The City of London may have some difficulty understanding anything to do with electronics, but rarely has it misjudged a company so resoundingly as Amstrad yesterday.

whether Amstrad, which has managed the sort of production shift from audio-visual to computing that eluded entire consumer electronics industries, can capitalise on the compact disc. More important is the possibility of replacing products as they mature with new machines in the networking market about which Amstrad knows little.

CBS

So far, at any rate, shareholders in CBS need have no regrets that the company was able to defend itself against last year's junk-bond boom.



Amstrad boosted by word processor

By Jason Crisp in London

AMSTRAD, the British computers and consumer electronics group, yesterday reported pre-tax profits of £27.5m (\$38.8m) in the six months ending December 31, some £7.5m more than in the whole of its last financial year.

The figures were considerably higher than expected - almost three times last year's £9.5m - and the shares rose 50p to 342p.

Background, Page 24

Italian semiconductor group to develop and sell AT&T circuits

BY ALAN FRIEDMAN IN MILAN

AMERICAN Telephone & Telegraph, the big US telecommunications group, yesterday announced a five-year international agreement with SGS under which Italy's leading semiconductor manufacturer will help to develop and market AT&T bipolar integrated circuits and high-voltage circuits.

The plan is for AT&T to produce the CMOS at its wafer fabrication plant in Reading, Pennsylvania. Packaging (assembly and testing) will be done at Reading and in Bangkok and Singapore.

deal should provide a boost to SGS's annual turnover, at present just above \$300m. AT&T says that, while the deal is worldwide, it expects to develop a strong position in the European market.

Court challenge by Minebea's foreign suitors

By Charles Batchelor in London

TRAFALGAR HOLDINGS, the US group, and Glen International of the UK have applied to a Japanese court in support of their takeover bid for Minebea, the Japanese ball bearing manufacturer.

Trafalgar-Glen, the joint-venture company representing the two predators, filed a suit in the Nagano district court on Monday in an attempt to block the proposed merger of Minebea with Kanemori Company and to nullify the bulk of Minebea's private placement of ¥150m (\$85m) of convertible bonds.

CBS profits slide but Loews raises stake

BY WILLIAM HALL IN NEW YORK

CBS, the US broadcasting and entertainment group whose share price continues to be buoyed by takeover speculation, yesterday reported a 52 per cent drop in 1985 income from continuing operations to \$202.8m or \$7.27 a share.

The group's fourth-quarter earnings from continuing operations fell by 53 per cent to \$55.5m, or \$2.23 a share. At the net level, the group's full-year earnings fell 67 per cent to \$27.4m, or 81 cents, on revenues which rose 2 per cent to \$4.76bn.

The company says that the decline in net income was primarily due to its decision to discontinue its toy, theatrical, film and home computer software operations, in the third quarter.

Although the figures were disappointing, CBS shares rose 54¢ to \$118 1/8 in early New York trading yesterday. This followed the announcement that Loews Corporation had increased its stake in the company from 11.9 per cent to 12.3

Westland rescue vote

Continued from Page 1

The tender attracted only 4.26 per cent, well below the necessary 20.2 per cent needed to trigger the offer.

Mr Bristow claims he was offered a seat on the Westland board if he agreed to sell his shares before last month's shareholders meeting. The meeting was attended by Sir Gordon, Sir John, and Mr Hubert Faure, the senior executive vice president of United Technologies.

Last night, Mr Faure issued a statement saying that no offer was made to Mr Bristow before, during, or after the shareholders' meeting.

Shchiransky flies to Israel

Continued from Page 1

nevertheless seen in Jerusalem as an important gesture of goodwill by Moscow.

● In Johannesburg, the South African Government said that Mr Nelson Mandela, the imprisoned black nationalist leader, would not be freed as part of the spy exchange. The Justice Ministry said the release of Mr Shchiransky did not meet South Africa's conditions for freeing Mr Mandela, the 68-

Aquino spurns advisory role under Marcos

Continued from Page 1

situation was controlled by the election officials," he said. He did not charge Mr Marcos directly with manipulating the count, although he pointed out that he must bear responsibility as he was in charge of the Government.

Earlier the White House's apparent "tilt" towards Mr Marcos drew a thinly-veiled warning from Mrs Aquino. "Do not make the mistake, in the name of short-sighted self-interest, of coming to the support of a falling dictator," she declared.

Depouncing Friday's "shameful electoral fraud," Mrs Aquino said that, in this time of need, "we will learn who our real friends are. Understand that we have won and we will take power."

As she spoke, around 3,000 left-wing protesters bearing red flags demonstrated in the centre of Manila against what they called "electoral fraud and terrorism."

Their leaders said they planned a series of protests to culminate in a national strike on the day Mr Marcos is proclaimed President.

Mrs Aquino also issued a significant appeal to the military and the police to uphold the interest of the republic and its citizens. "The nation and I are convinced that you know the real score," she declared.

World Weather

Table with columns for location, temperature, and weather conditions. Includes cities like Algiers, Athens, Beijing, etc.

Advertisement for Tokai Bank, 'Wherever you're going, the going is easier with Tokai Bank'. Includes text about international services and a photo of a person at a computer terminal.



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SECTION II - COMPANIES AND MARKETS

**FINANCIAL TIMES**

Wednesday February 12 1986



**EXTENDING THE FRONTIERS OF ENGINE COMPONENT TECHNOLOGY**

Continental Motors, Rugby, Warwick, CV22 9JL, Tel: 0789 626477, Telex: 317225

**Schering sales rise 7% to more than DM 5bn**

BY LESLIE COLTIN IN BERLIN

SCHERING, the West German pharmaceutical and chemicals group, lifted sales by 7 per cent last year to just over DM 5bn (\$2.1bn), it said today, although undisclosed, were improved over 1984, when group earnings rose to DM 138m and an increased dividend of 24 per cent was paid.

The West Berlin-based company said a fall in its growth rate in the course of last year resulted mainly from the drop in the value of the dollar and other currencies in relation to the D-Mark. Schering currently does 19 per cent of its worldwide turnover in the US compared with 17 per cent in West Germany.

An undisclosed loss was made by the company's US operations. This was described as the result of the weakening dollar and increased costs from the introduction of its birth control pills in the US under a marketing agreement with American Home Products.

Schering's foreign sales rose 7 per cent to DM 4.2bn while domestic turnover was up 5 per cent to DM 883m.

Pharmaceutical sales increased by 11 per cent last year to reach DM 2.1bn, with oral contraceptives contributing strongly to the growth. Birth control pills made up a quarter of pharmaceutical turnover and Schering has plans to introduce an improved "pill" in the US within a few years. It is the third largest producer of oral contraceptives worldwide.

Sales of pesticides and herbicides, the group's second largest

sector, rose 4 per cent to DM 1.4bn while industrial chemicals were down 1 per cent to DM 881m. The company said this division was affected mainly by the slowdown in US industrial activity.

Turnover in specialty chemicals rose 6 per cent to DM 302m while the electro-plate division recorded a 13 per cent increase to DM 331m. This was achieved despite a worsening situation in the electronics industry.

Schering's investments rose 30 per cent last year to DM 342m. Investments abroad were up 38 per cent to DM 185m and in West Germany rose 24 per cent to DM 199m. The main foreign investments were at the FBC subsidiary in the UK and at Sterez Chemical in the US.

**Gander crash airline files for Chapter 11**

BY OUR FINANCIAL STAFF

ARROW AIR, the Miami-based carrier, filed yesterday for reorganisation under Chapter 11 of the US bankruptcy code in the wake of the crash of its DC-8 airliner in Newfoundland last December.

Arrow Air's filing was accompanied by bitter complaints about a US congressional committee investigating the crash, in which 248 US soldiers and eight crew died.

Arrow said yesterday that the

committee was "determined to prejudge" the outcome of a Canadian investigation into the disaster, which happened soon after take-off from Gander airport.

The airline also cited what it called an "unwarranted announcement" by the Federal Aviation Administration that Arrow had used unapproved spare parts in maintaining its DC-8s. At the weekend the FAA temporarily grounded 10

of the carrier's aircraft, saying that unapproved spare parts had been used.

The Chapter 11 filing will not affect insurance coverage or potential payments related to the Gander crash, but will give the airline protection against business creditors.

Arrow will continue operating cargo and charter flights but all scheduled passenger services have been halted immediately and 400 of its 500 employees are due to be laid off.

Since the Gander crash, Arrow has faced a barrage of criticism, admitting soon afterwards that the aircraft concerned had been involved in two mechanical emergencies at take-off in the preceding six months.

The airline said adverse media coverage seriously affected advance bookings.

**Justus Dornier plans expansion**

By John Wickes in Zurich

MR JUSTUS DORNIER, the Swiss-based industrialist and former shareholder of the German Dornier group, is setting up a Zurich company to control and expand his international interests.

Justus Dornier Holding will take over his controlling shareholdings in the high-aircraft company Gyroflug of Baden-Baden, and in the Swiss company Stesa, of Biasca, which makes equipment for the semi-conductor industry.

Mr Dornier, who has minority stakes in other German and Swiss operations, plans to add further companies to his portfolio. The most important would be an interest in the Canadian aircraft concern Canadair, now the subject of negotiations with the Government in Ottawa.

Mr Dornier says he is "hopeful" about the outcome of the Canadian talks, which might be completed by the end of next month. He also made a bid for the Canadian De Havilland concern, but that was subsequently acquired by Boeing.

Head of the new company will be Mr Dieter Steiner, a former executive of Dornier Reparaturwerk, of Munich, who has had close links with Canadair.

**UTA lifts earnings forecast**

By Adrian Dicks in London

UNION DE Transports Aériens, the French long-haul airline 80 per cent owned by Chargeurs, the transportation and industrial group, has revised upwards its net earnings forecast for 1986 to FF 750m (\$107m) - 25 per cent above the FF 600m forecast by UTA two months ago.

Mr René Lapointe, chairman, said in London that the rest would result from operating profits reflecting a predicted 8.2 per cent increase in sales.

During 1986, UTA intends to improve its fleet to three Boeing 747-300 aircraft, which combine 280 passengers with 45 tonnes of freight capacity; one all-passenger 747-300; and one all-freight 747. Mr Lapointe restated his interest in the Airbus Industrie proposals for A-330 and A-340 long-haul aircraft, although he said new aircraft would have to demonstrate clear advantages over the present Boeing 747 and McDonnell Douglas DC-10.

UTA is confident of being able to pay for its new aircraft out of cash flow in addition to achieving a further strengthening of the balance sheet in 1986 that should see the debt-equity ratio improve to better than 1:1.

Chargeurs last year reduced its stake in UTA to 80 per cent from 90 per cent to help to finance its interest in the planned fifth French television channel in co-operation with Mr Silvio Berlusconi. Mr Lapointe said there were no plans for Chargeurs to reduce its stake in the airline further.

**Amax hopes to break even after record loss in 1984**

BY KENNETH MARSTON, MINING EDITOR, IN LONDON

AMAX, the US diversified natural resources company, aims to break even this year after losing a record \$621m, or \$9.35 a share, following write-offs of \$350m in 1984.

Mr Allen Born, the president and chief operating officer, who has succeeded Mr Pierre Gousseland, said in London yesterday he did not anticipate further write-downs this year.

He based his hopes of break-even in 1986 on a drive for greater efficiency and cost-cutting. He does not expect significant improvement in base metal prices, but is looking for

higher income from gold at the new Sleeper mine in Nevada, which should open in May, and two smaller gold mines operated by the 45 per cent-owned Australian Consolidated Minerals.

Amax is also anxious to take advantage of its large accumulated US tax losses, which can be applied only to domestic income. Partly for that reason, the company has agreed to acquire from American Electric Power the Price River underground coal mine near Helper, Utah.

It is to be re-opened after a year

and contains coal reserves in excess of 100m tons, with scheduled annual production of 1.5m tons.

Amax says the acquisition will involve no significant initial cash investment. The assets will be acquired primarily through long-term lease arrangements.

At the end of 1985 Amax's total debt stood at \$1.8bn. Mr Born hopes to reduce it to about \$1.2bn by the end of this year. The net asset value of the company is around \$700m, or \$10 to \$11 a share, but no early resumption of dividend payments is being considered.

**SE Banken profits static as borrowing costs increase**

BY DAVID BROWN IN STOCKHOLM

SEANDINAVISKA Eskilda Banken, Sweden's leading commercial bank, reports stagnant operating profits for 1985, but plans to increase its dividend.

The group suffered because of the Swedish central bank's tough monetary policy, which pushed interest rates to record levels last May in an effort to contain a crisis of confidence in the krona.

Despite a subsequent easing in rates, SE Banken said overall borrowing costs last year rose by SKr 500m (\$96.5m).

The bank's Swedish subsidiaries increased their earnings by 28 per cent while the foreign subsidiaries more than doubled their profits for the year.

A 7 per cent decline in net interest income was more than compensated for by a 10 per cent jump in commission and other receipts.

Overall, costs rose well in excess of income.

Göteborgsbanken, the fourth-largest Swedish commercial bank, reports a sharp SKr 190m rise in operating profits to SKr 572m, which it attributes to higher domestic and international commission income and a significant drop in credit loss provisions.

The group proposes to increase the dividend on ordinary shares by SKr 1.75 to SKr 8 and to maintain an unchanged dividend on preferred shares.

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**IBM launches six computer models**

BY PAUL TAYLOR IN NEW YORK

IBM, the world's largest computer group has announced six new computer models including two additions to its mainframe series. It also announced sharp reductions in the listed purchase prices of its existing mainframe computer range.

The company said the moves would provide cheaper alternatives for new customers and for those upgrading from current systems. IBM, which dominates the US market for large mainframe computers with an estimated 70 per cent share, introduced two "entry level" single-processor mainframe machines to

its new 3090 series, with double the storage of its two existing 3090 models, and introduced four high-performance replacement processors for its 4381 line.

IBM said it was reducing the price of its 3090 series models by about 10 per cent to \$4.5m from \$5m for the model 3090-200 and from \$9.2m to \$8.5m for its most powerful mainframe, the 3090-400.

The price of its 308X mainframe series, the 3080's predecessor, is cut by up to 21 per cent.

The real impact of IBM's main-

frame price cuts on the fiercely competitive US mainframe market remains uncertain. IBM's competitors say the company had already been discounting the posted price of 3090 models to win orders. However, the price reductions on the older 308X line might help to lift sales of these machines, which industry executives say have been harmed by the rapid roll-out of the 3090 series and by plunging market prices for used equipment.

The introduction of the two entry-level 3090 models further broadens IBM's mainframe product range.

**Nokia profits soar 59% to FM 542m**

By Olli Virtanen in Helsinki

NOKIA, the Finnish diversified industries group, saw its profits climb 59 per cent last year to FM 542m (\$101.5m). Group turnover of Finland's largest privately owned industrial company rose by 18 per cent to FM 11bn.

Nokia's biggest industrial division, electronics, also produced the fastest growth. Its turnover rose 41 per cent to FM 2.502m.

**Texas Oil merger plan wins backing**

TEXAS OIL and Gas shareholders have approved a proposed merger with US Steel by more than two to one, Reuters reports from Dallas.

The merger, which has met with disapproval on Wall Street, was worth \$3.68bn to Texas Oil shareholders when it was announced on October 30. US Steel stock has since dropped more than 17 per cent, lowering the total value of the deal to \$2.95bn.

Texas Oil last year suffered its first earnings drop for 27 years.

**Computervision loses \$21.8m in quarter**

BY OUR FINANCIAL STAFF

COMPUTERVISION, the US pioneer of computer-aided design and manufacturing (CAD/CAM) systems, has reported further losses in the fourth quarter. The deficit of \$21.8m, or 78 cents a share, compares with net income of \$14.9m, or 52 cents, a year earlier.

For the year, net losses totalled \$80.7m, or \$2.82 a share, against net income of \$47.7m, or \$1.86, in 1984. Revenues fell from \$556.3m to \$441.1m for the year, and from \$163.9m \$117.2m for the quarter.

Much of the fourth-quarter loss is due to an unusual \$14.1m charge covering reserves for adjustments in asset-carrying values and for disposal of excess facilities.

However, the company is experiencing an upturn in orders and reported its second consecutive quarter of positive cash flow.

Mr Robert Gable, president and chief executive, said that as a result of the company's reorganisation and restructuring, operating expenses in the last half of 1985 were down 19 per cent from the first half.

**US lift-truck maker reports further losses**

By Our Financial Staff

CLARK Equipment, the US construction equipment and vehicle parts group, has reported its second quarterly loss in succession. It also announced plans to produce medium-sized internal combustion lift trucks outside the US.

The company, based in South Bend, Indiana, posted a \$15.7m loss in the fourth quarter after a pre-tax provision of \$23m for restructuring costs and asset write-downs.

This compares with a 1984 fourth-quarter net profit of \$3.9m, or 25 cents a share, after a \$1.2m write-down. In the fourth quarter of 1985 were \$255.6m compared with \$228.8m the year before.

For 1985, Clark reported a net loss of \$85.5m, or \$5.16 a share, after a \$96.1m charge compared with a net profit of \$24.5m, or \$1.59, in 1984, on sales of \$964.1m against \$879.8m.

The company cited competitive pressures on lift-truck pricing, costs incurred in implementing the overseas sourcing programme, and rationalisation of its automotive components business as reasons for the loss.

Some of the loss for the year is due to a \$12m write-down in the third quarter on VMK, Clark's joint venture with Volvo of Sweden.

**Gold's merger backed**

By Jim Jones in Johannesburg

SHAREHOLDERS of Free State Geduld yesterday followed the earlier example of holders of President Brand, President Steyn and Western Holdings and voted in favour of the merger of the four Orange Free State gold mines managed by Anglo American Corporation.

The merger will lead to the formation of the world's largest gold mining company. In the financial year to September 30 the four mines yielded a combined 26.5m tons of ore and produced 113.5 tons of gold.

**JOINT COMPANY ANNOUNCEMENT**

**FREE STATE GEDULD MINES LIMITED (FSG)**  
Registration No. 05/26324/06

**PRESIDENT BRAND GOLD MINING COMPANY LIMITED (BRAND)**  
Registration No. 05/22680/06

**PRESIDENT STEYN GOLD MINING COMPANY LIMITED (STEYN)**  
Registration No. 05/26210/06

**WESTERN HOLDINGS LIMITED (WEST HOLD)**  
Registration No. 05/08286/06

**WELKOM GOLD MINING COMPANY LIMITED (WELKOM)**  
Registration No. 05/24464/06

(All of which are incorporated in the Republic of South Africa.)  
(The first four companies being referred to as "the Scheme Companies")

**SCHEMES OF ARRANGEMENT AND RELATED MATTERS**

Members of the companies were informed in a joint announcement dated January 29 1986 that the shareholders of Brand, Steyn and West Hold had approved the Schemes of Arrangement and related matters proposed at the respective Scheme and general meetings of these companies held on January 29 1986. The Welkom shareholders approved the proposals submitted to a general meeting of Welkom held on the same day while the Scheme meeting of FSG was adjourned to February 11 1986 to be followed by a general meeting of FSG.

At the adjourned Scheme meeting of FSG, shareholders approved the FSG Scheme of Arrangement in terms whereof it is proposed that:

(i) FSG will become wholly-owned, directly and indirectly, by Free State Consolidated Gold Mines Limited (Freegold), which in turn will become held as to more than 50 per cent by Orange Free State Investments Limited (Ofsil);

(ii) FSG shareholders will become shareholders in Freegold and Ofsil and where so elected in Welkom;

At the general meeting of FSG, held following the conclusion of the FSG Scheme meeting, shareholders approved the special and ordinary resolutions proposed at that meeting and which related to the implementation of the FSG Scheme.

Accordingly, application will be made to the Supreme Court of South Africa (Witwatersrand Local Division) (the Court) on February 18 1986 to sanction the Brand, FSG, Steyn and West Hold Schemes of Arrangement (the Schemes). If the Court sanctions the Schemes then the said dates will be as follows:

(a) THE RECORD DATE in respect of each Scheme, i.e. the date on which:

(i) the dealings in and the listings of the shares of FSG, Brand and West Hold on The Johannesburg Stock Exchange

and The Stock Exchange in London will cease;

(ii) the registers of the Scheme Companies will close to determine to whom Freegold and Ofsil shares and/or Welkom shares will be allotted and who will be entitled to cash payments arising on the sale of fractional entitlements;

(iii) the register of Steyn will close in order to determine the persons in whose names the Freegold shares will be issued in substitution for their Steyn shares;

will be the close of business on February 21 1986.

(b) THE OPERATIVE DATE in respect of each Scheme, i.e. the date on which:

(i) the Schemes will become operative;

(ii) the listings on The Johannesburg Stock Exchange and The Stock Exchange in London for the Freegold and Ofsil shares allotted to give effect to the Schemes are expected to commence;

(iii) the change of name of Steyn to Freegold will become effective;

will be February 24 1986.

Shareholders of the Scheme Companies will be informed of any change in any of the above dates.


Freegold, Ofsil and/or Welkom share certificates, where the Scheme Companies' share certificates or other documents of title are surrendered before the operative date, together with cheques in respect of fractional entitlements relating thereto, will be posted on March 7 1986 or within 7 days of receipt thereof in respect of surrenders after the operative date except that no documents or cheques shall be posted before March 7 1986. Copies of this announcement are being posted to members.

Johannesburg  
February 12 1986.

This announcement appears as a matter of record only.

New Issue

**U.S. \$125,000,000**



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Orion Royal Bank Limited      Richardson Greenshields of Canada (UK) Limited

Salomon Brothers International Limited      Swiss Bank Corporation International Limited

Westdeutsche Landesbank Girozentrale

Algemene Bank Nederland N.V.      Banca del Gottardo      BankAmerica Capital Markets Group      Bankhaus Herrmann Lampe

Bank Leu International Ltd.      Bank Mees & Hope NV      Bank of Montreal      The Bank of Nova Scotia

Banque Bruxelles Lambert S.A.      Banque Générale du Luxembourg S.A.      Banque de Neufville, Schlumberger, Mallet

Bayerische Hypothek- und Wechsel-Bank      Bayerische Landesbank Girozentrale      Berliner Bank

Berliner Handels- und Frankfurter Bank      Chemical Bank International Group      Citicorp Investment Bank

Commerzbank      Credit Commercial de France      Crédit Lyonnais      Crédit du Nord      Dai-Ichi Kangyo International

Deutsche Bank Capital Markets      Deutsche Girozentrale      Dominion Securities Pitfield      First Chicago

Fuji International Finance      Generale Bank      Girozentrale and Bank der Österreichischen Sparkassen

Goldman Sachs International Corp.      Great Pacific Capital S.A.      Hambros Bank Limited      Hessische Landesbank

Hill Samuel & Co.      Lévesque, Beaubien Inc.      McLeod Young Weir International      Manufacturers Hanover

Merck, Finck & Co.      Mitsubishi Finance International      Samuel Montagu & Co.      Morgan Guaranty Ltd

Nederlandse Credietbank NV      Norddeutsche Landesbank      Sal. Oppenheim Jr. & Cie      Osterreichische Landesbank

PK Christiania Bank (UK) Ltd.      N.M. Rothschild & Sons      Sanwa International      Schoeller & Co.

J. Henry Schroder Wagg & Co.      Schweizerischer Hypothek- und Handelsbank      Smith Barney, Harris Upham & Co.

Société Générale      Standard Chartered Merchant Bank      Toronto Dominion International

Vereine und Westbank      S. C. Warburg & Co. Ltd.      Westfalenbank      Yasuda Trust Europe

February 1986

INTERNATIONAL COMPANIES AND FINANCE

Canadian Pacific held back by rail decline

BY ROBERT GIBBENS IN MONTREAL

DECLINES in rail operations, mining and metals and forest products brought lower earnings at Canadian Pacific for the fourth quarter as well as for 1985 as a whole. Net profits for the full year were C\$246m (US\$176m), or C\$1.11 a share, against C\$378.9m or C\$1.75, a year earlier, and in the fourth quarter C\$50m against C\$118m as reported in brief yesterday. A change in accounting for investment tax credits reduced 1985 earnings by about C\$29m.

CP Rail's decline was mainly because of lower export grain movements, although movement of several other commodities also weakened. The US subsidiary, Soo Line, had depressed results because of lower traffic and the interest burden for acquisition of the Milwaukee Road early last year.

CP Air had good traffic growth, but costs in airline operations were sharply higher.

The mining and metals group,

mainly Cominco and subsidiaries, suffered from low world commodity prices, while the large forest products subsidiaries were depressed by low prices for pulp and paper and heavy debt costs.

The steel subsidiaries did better, as did CP's container shipping operations on the North Atlantic.

CP has acquired full ownership of its CP Enterprises non-rail holding company and now reports on a consolidated basis as a single holding company with operating subsidiaries.

Restructuring of debt by some major resource subsidiaries has been under way since mid-1985 and is expected to be completed this year. Most analysts are forecasting a recovery for 1986, especially if commodity prices improve and exchange rates stabilize.

The hotel interests now under the CP Air wing are expected to merge shortly with Canadian National Railway's hotel subsidiary.

Allen raises Conrail bid to \$1.8bn

BY TERRY DODSWORTH IN NEW YORK

ALLEN, the private New York investment bank, has launched an eleventh-hour bid for Conrail, the government-owned railway network scheduled for disposal to the Norfolk Southern railway group.

The \$1.8bn offer easily exceeds the \$1.2bn bid from Norfolk Southern, and also tops a \$1.4bn proposal by a group led by Morgan Stanley, the New York investment bank, last

month. Allen said it would finance the transaction by a public offering of equity securities co-managed by itself and First Boston Investment Bank.

Although Allen's bid is the highest yet received after a year-long contest of revised offers and counter-offers between the three contestants, Norfolk Southern still re-

mains in the leading position to take over Conrail.

Norfolk was chosen for the acquisition last year by Mrs Elizabeth Dole, the US Transportation Secretary, on the ground that Conrail might be too weak to stand alone in the market case government support was withdrawn.

Since then, Conrail has produced sparkling results for 1985.

First Pacific Holdings Limited

Annual Results (unaudited) for the year ended 31 December, 1985

Highlights

- Consolidated earnings increased by 40.9 percent to US\$8,626 million (HK\$67,283 million) compared with US\$6,119 million (HK\$47,228 million) in 1984.
- Earnings per share increased by 34.6 percent to US\$4.63 cents (HK\$36.11 cents) and net assets per share increased by 4.1 percent to US\$78.2 cents (HK\$609.96 cents).
- Total assets increased by 16.2 percent to over US\$1.5 billion (HK\$12.05 billion) at year end, funded by an increase of 28.8 percent in core deposits to US\$1.1 billion (HK\$8.58 billion).
- In May 1985, First Pacific Trade Services Limited, a trade confirming house, was opened in London and in August, a controlling interest in First Pacific Capital Corporation, a Philippine based merchant bank, was acquired.
- Final dividend declared of US\$1.29 cents (HK\$10.06 cents) per ordinary share.

Consolidated Results	1985 US\$'000	1984 US\$'000	1985 HK\$'000	1984 HK\$'000
Total financial and other income	168,527	151,750	1,314,510	1,183,650
Profit before taxation	9,749	6,629	76,042	51,706
Taxation	1,123	390	8,739	3,042
Profit after taxation	8,626	6,239	67,283	48,664
Minority interests	—	120	—	936
Net profit	8,626	6,119	67,283	47,728
Total assets	1,544,980	1,329,992	12,050,844	10,373,938
Shareholders' equity	149,114	142,123	1,163,089	1,108,559
Per share data	US cents	US cents	HK cents	HK cents
Earnings — fully diluted	4.63	3.44	36.11	26.83
Proposed final dividend	1.29	3.84	10.06	30.00
Net asset value <sup>2</sup>	78.2	75.1	609.96	585.78

Notes:

- First Pacific Holdings Limited reports its financial results in US dollars. The Hong Kong dollar figures are supplied for comparative purposes only.
- Based on the consolidated net assets as at 31 December reduced by US\$2,516 million (HK\$19,625 million) being the value of the Shanghai properties, divided by the total number of ordinary and deferred ordinary shares in issue on that date.

Commercial Banking

The contribution to net profits from commercial banking activities increased from US\$4,065 million (HK\$31,707 million) in 1984 to US\$8,148 million (HK\$63,354 million) for the year. This was due to increased profits of The Hibernia Bank, the Group's principal subsidiary. The Bank benefited in the second half-year from new product introductions, particularly from the deposit side liquidity generated by its Premium Money Market Account. This promotion generated average deposits of US\$322 million for the year. The Bank also realized significant gains from securities transactions.

Approval was obtained from the United States regulatory authorities for the opening of a Hibernia deposit-taking company in Hong Kong in 1986.

Merchant Banking

First Pacific Limited increased its contribution to net profits from US\$1,399 million (HK\$10,84 million) in 1984 to US\$1,70 million (HK\$13,26 million) in 1985. Merchant banking fees billed during the year increased due to an increase in the number and size of projects completed.

Trade Finance

First Pacific-Trade Services Limited (FPTS), a London based confirming house specialising in international trade finance and related services, commenced business in May 1985. For the eight months ended 31 December 1985 FPTS reported a small loss but is expected to contribute to profits in 1986.

By Order of the Board  
Manuel V. Panglinan  
Managing Director  
5 February, 1986

FIRST PACIFIC

U.S. QUARTERLY RESULTS

ANCHOR PROCESSING  
Chemicals, containers

Fourth quarter	1985	1984
Revenue	187.2m	231.2m
Net profit	17.8m	136.4m
Net per share	10.73	12.85
Year	720.3m	713m
Net profit	2.3m	71.3m
Net per share	0.52	12.12
Loss	—	—

ANDERSON CLAYTON  
Food

Second quarter	1985-86	1984-85
Revenue	387.4m	408.2m
Net profit	14.3m	7.2m
Net per share	0.95	0.64
Six months	770.7m	828.2m
Net profit	14.2m	8.8m
Net per share	1.17	0.72

BRUNSWICK  
Marine, recreational products

Fourth quarter	1985	1984
Revenue	388.5m	345.5m
Net profit	22.8m	78.8m
Net per share	0.64	0.68
Year	1,546m	1,475m
Net profit	100.3m	94.2m
Net per share	2.34	2.21
Pre-charge, figures reflect 2-for-1 stock split.	—	—

MALLINSTRON  
Offshore services, engineering

Fourth quarter	1985	1984
Revenue	1.2m	1.4m
Net profit	16.7m	66.5m
Net per share	0.15	0.63
Year	4.7m	4.4m
Net profit	738.2m	329.5m
Net per share	—	2.57

MARLBOROUGH  
Tobacco, food services

Fourth quarter	1985	1984
Revenue	1.4m	1.2m
Net profit	81.8m	42.7m
Net per share	1.91	1.80
Year	4.9m	3.2m
Net profit	107.4m	138.2m
Net per share	6.30	5.8

RAMADA BEER  
Beverages

Fourth quarter	1985	1984
Revenue	188.7m	152.2m
Net profit	2.3m	12.0m
Net per share	0.06	10.05
Year	583.2m	600.2m
Net profit	13.8m	4.1m
Net per share	0.37	0.19

More N. American results on Page 37

NOTICE TO HOLDERS OF

ITO-YOKADO CO., LTD.

5 1/2% Convertible Debentures Due August 31, 1993

5% Convertible Debentures Due August 31, 1996

Pursuant to Section 7(b) of the Company's Trust Deed dated as of July 1, 1978 and July 1, 1981 respectively, relating to the above-mentioned Debentures, notice is hereby given as follows:

- On February 7, 1986 the Board of Directors of the Company resolved to make a free distribution of shares of its Common Stock to shareholders of record as of February 28, 1986 as follows, at the rate of 1 new share for each 10 shares held.
- Accordingly, the conversion price at which the above-mentioned Debentures may be converted into shares of Common Stock of the Company will be adjusted effective as of March 1, 1986, Japan Time. The conversion price in effect before such adjustment is Yen 700.20 for the 5 1/2% Convertible Debentures Due August 31, 1993 and Yen 526.50 for the 5% Convertible Debentures Due August 31, 1996 and the adjusted conversion price will be Yen 622.30 for the 5 1/2% Convertible Debentures Due August 31, 1993 and Yen 739.10 for the 5% Convertible Debentures Due August 31, 1996.

ITO-YOKADO CO., LTD.  
By The Bank of Tokyo Trust Company as Trustee

Dated: February 12, 1986

NOTICE TO HOLDERS OF

ITO-YOKADO CO., LTD.

6% Per Cent Currency Linked/ U.S. Dollar Payable Convertible Bonds Due 1991

Pursuant to Clause 7(b) of the Company's Trust Deed dated as of 25th March, 1981 relating to the above-mentioned Bonds, notice is hereby given as follows:

- On February 7, 1986 the Board of Directors of the Company resolved to make a free distribution of shares of its Common Stock to shareholders of record as of February 28, 1986 as follows, at the rate of 1 new share for each 10 shares held.
- Accordingly, the conversion price at which the above-mentioned Bonds may be converted into shares of Common Stock of the Company will be adjusted effective as of March 1, 1986, Japan Time. The conversion price in effect before such adjustment is Yen 600.00 per share of Common Stock, and the adjusted conversion price will be Yen 735.10 per share of Common Stock.

ITO-YOKADO CO., LTD.  
By The Bank of Tokyo Trust Company as Trustee

Dated: February 12, 1986

The advertisement complies with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or invitation to the public to subscribe for or to purchase, any securities. These Notes have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to US persons as part of the distribution of the Notes.



THE KOREA DEVELOPMENT BANK

(Incorporated with limited liability in the Republic of Korea)

US\$100,000,000

Floating Rate Notes due 2001

Issue Price 100 per cent.

The following have agreed to subscribe for or procure subscribers for the Notes:

- BA Asia Limited
- Chase Investment Bank
- First Chicago Asia Merchant Bank Ltd.

- BOI International (HK) Limited
- Chemical Bank International Group
- Citibank International Limited
- Dei-Ichi Kangyo Finance (Hong Kong) Ltd
- Dawa Overseas Finance Limited
- Dawa Securities (HK) Limited
- DB Capital Markets (Asia) Limited
- Full International Finance (HK) Limited
- Korea Associated Securities Inc.
- Kyowa Finance (Hong Kong) Limited
- LIJCB Asia Limited
- Manufacturers Hanover Asia Limited
- Mitsubishi Finance (Hong Kong) Limited
- Mitsubishi Trust Finance (Asia) Limited
- Mitsui Finance Asia Limited
- Mitsui Trust Finance (Hong Kong) Limited
- Morgan Guaranty Ltd
- National Australia Finance (Asia) Limited
- Norman International Limited
- Saitama International (Hong Kong) Limited
- Sarwa International Finance Limited
- Standard Chartered Asia Limited
- Sumitomo Finance International
- Standard International Bank
- Standard International (Hong Kong) Limited
- Sumitomo Finance International
- The Saitama Trust Finance (HK) Limited
- Taipei Kobe Finance (Hong Kong) Limited
- Tatung International (Asia) Limited
- Tokai Asia Limited
- Yamaichi International (HK) Limited
- Yasuda Trust and Finance (Hong Kong) Limited
- Yokohama Asia Limited

Application has been made for the Notes to be admitted to the Official List by the Council of The Stock Exchange, subject to the issue of the temporary global Note Interest will be payable in arrears at August and February, commencing in August 1986.

Listing particulars relating to the notes and the issuer are available in the statistical services of Excel Statistical Services Limited and copies may be obtained during usual business hours, up to and including 14th February, 1986 from the Company Announcements Office of The Stock Exchange, London EC2 2JF, and up to and including 26th February, 1986 from:

- Cazenove & Co  
12 Tokenhouse Yard  
London, EC2P 7AN
- The First National Bank of Chicago  
1 Royal Exchange Avenue  
London EC3P 3LU

12th February, 1986

This announcement appears as a matter of record only.

December 1985



The Pillsbury Company

US \$100,000,000

Revolving / Term Credit Facility

Lead Managed and Arranged by  
Orion Royal Bank Limited

- Provided by
- Banque Nationale de Paris, Chicago Branch
- Deutsche Bank AG, New York Branch
- Dresdner Bank AG, Chicago Branch
- The Industrial Bank of Japan Trust Company
- National Westminster Bank Group
- The Royal Bank of Canada Group
- Swiss Bank Corporation

Agent  
ORION ROYAL BANK LIMITED  
A member of The Royal Bank of Canada Group

All these Bonds have been sold. This announcement appears as a matter of record only.



EUROPEAN INVESTMENT BANK

Luxembourg Francs 1,000,000,000  
8 7/8% Bonds 1986-1993

Kredietbank S.A. Luxembourgeoise

- Banque Générale du Luxembourg
- Banque Internationale à Luxembourg
- Caisse d'Épargne de l'État
- Banque Paribas (Luxembourg) S.A.
- Crédit Industriel d'Alsace et de Lorraine
- Crédit Lyonnais
- Société Générale Alsacienne de Banque
- Banque Indosuez
- Banque Nationale de Paris (Luxembourg) S.A.
- Banque UCL
- Crédit Européen S.A.
- Société Européenne de Banque S.A.

January 30, 1986

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an offer of, or invitation to the public to subscribe for or to purchase, any securities.

HYDRO-QUÉBEC

(An agent of the Crown in right of Province de Québec)

¥ 10,000,000,000

6 1/2 per cent. Debentures, Series GE, Due 28th February, 1994

Unconditionally guaranteed as to payment of principal and interest by

Province de Québec

Issue Price 101 1/2 per cent.

The following have agreed to subscribe or procure subscribers for the Debentures:

- Yamaichi International (Europe) Limited
- Bank of Tokyo International Limited
- Algemene Bank Nederland N.V.
- Banque Paribas Capital Markets Limited
- Citibank Investment Bank Limited
- Crédit Lyonnais
- IBJ International Limited
- Merrill Lynch International @ Co.
- Mitsui Trust Bank (Europe) S.A.
- Nippon Credit International (Hong Kong) Limited
- Swiss Bank Corporation International Limited
- Union Bank of Switzerland (Securities) Limited
- Wood Gundy Inc.
- Morgan Guaranty Ltd
- Credit Suisse First Boston Limited
- Banque Bruxelles Lambert S.A.
- CIBC Limited
- County Bank Limited
- Fuji International Finance Limited
- LTCB International Limited
- Mitsubishi Trust & Banking Corporation (Europe) S.A.
- The Nikko Securities Co., (Europe) Ltd.
- Saitama Bank (Europe) S.A.
- Takugin International Bank (Europe) S.A.
- S. G. Warburg & Co. Ltd.
- Yasuda Trust Europe Limited

Application has been made for the Debentures, in bearer form in the denomination of ¥1,000,000 each, constituting the above issue to be admitted to the Official List by the Council of The Stock Exchange, subject only to the issue of the temporary global Debenture. Interest will be payable annually in arrears on 28th February in each year. The first interest payment will be due on 28th February, 1987.

Particulars of the Debentures and the Issuer are available in the statistical services of Excel Statistical Services Limited. Copies of the listing particulars relating to the Debentures may be obtained in the form of an Exrel Card during usual business hours on any weekday (Saturdays and public holidays excepted) from the Company Announcements Office of the Quotations Department of The Stock Exchange, Throgmorton Street, London, EC2P 2BT, up to and including 14th February, 1986 or during usual business hours on any weekday (Saturdays and public holidays excepted) at the addresses shown below up to and including 26th February, 1986.

- Rowe & Pitman,  
1 Finabury Avenue,  
London EC2M 2PA
- Bankers Trust Company,  
Dashwood House,  
69 Old Broad Street,  
London EC2P 2EE
- Phillips & Drew,  
120 Moorgate,  
London EC2M 6XP

12th February, 1986



**INTL. COMPANIES & FINANCE**

**Liberty Life plans R250m rights**

BY JIM JONES IN JOHANNESBURG

LIBERTY LIFE, South Africa's third largest life assurance company, is to raise about R250m (\$114.6m) by means of a rights issue of preferred shares.

Holders of Liberty's ordinary and redeemable preference shares will be offered 15 new preferred ordinary shares for every 100 shares they hold. The issue price will be decided on March 19.

During the past three years Liberty has been particularly busy acquiring what it describes as strategic investments. In 1983 it participated with various companies controlled by Anglo

American Corporation in acquiring a controlling interest in Premier Group, the diversified food group, from Associated British Foods (ABF), its erstwhile controlling shareholder.

Last year Liberty joined Gold Fields of South Africa in underwriting a R177m rights issue by Standard Bank Investment Corporation (Stanbic), which left Liberty with an effective 24 per cent interest in South Africa's second largest banking group.

In addition Liberty has been financing the expansion of Transatlantic Insurance Holdings, its 75 per cent-owned British subsidiary, which has

been raising its interests in Sun Life and in Capital and Counties, the property group.

Liberty is keen to increase Transatlantic's interest in Sun Life above the present level of some 26 per cent, but has been reluctant to do so without the full agreement of Sun Life's board.

The directors say that these acquisitions were financed in part by the issue of short-term redeemable preference shares, which are now to be converted into permanent capital. In addition, Liberty faces a financing commitment when it estab-

lishes a new life assurance company, to be called Charter Life Insurance, which will be based on the life interests of Guardian National, the South African offshoot of Guardian Royal Exchange of the UK.

At the end of 1985 Liberty had total assets of R6.6bn, double the level of February 1984, when new capital was last raised. The group's 1985 results are due to be published in mid-March. During the first half of last year, premium income increased by 36 per cent to R336m and the interim profit from life assurance operations rose 24 per cent to R26.4m.

**Stanbic increases pre-tax profit by 18.8%**

BY OUR JOHANNESBURG CORRESPONDENT

STANDARD BANK Investment Corporation (Stanbic), South Africa's second largest banking group, increased pre-tax profits by 18.8 per cent in 1985, even though management all but doubled the bad debts provision charge against profits.

Operating profits increased to R2.25bn (\$1.03bn) from R1.76bn, before a rise in interest payments to R22bn from

R18.5bn. Trading profits increased to R472m from R222.6m and the provision against these for bad and doubtful debt charges was raised to R222m from R112.2m. As a result, pre-tax profits rose to R260m from R210.4m.

Total liabilities were R18.01bn at the year-end against R14.79bn at the end of 1984, while total advances were R16.02bn against R13.18bn.

Dr Conrad Strauss, Stanbic's chairman, said he remained cautious on immediate prospects despite South Africa's apparent emergence from its worst recession since the Second World War. Negative real interest rates were unhealthy and could not be allowed to persist for long without damaging savings, he added.

Dr Strauss said it was extremely difficult to predict

likely economic trends in South Africa and that this was one of the reasons for the bank's cautious approach to bad debt provision. Last year the cost of bad debts was equivalent to 1.37 per cent of Stanbic's direct lending, the highest proportion has been since 1977.

Earnings per share increased to 233 cents from 220 cents and the ordinary dividend has been raised to 71 cents from 62 cents.

**Chang wins Promet control**

BY WONG SULONG IN KUALA LUMPUR

THE FIGHT for control of Promet, the Malaysian oilrig and construction group, has been settled with Tan Sri Ibrahim Mohamed resigning as executive chairman to take on a new role as adviser to the group.

His resignation means that full control is now in the hands of Datuk Brian Chang, the managing director, whose family holds between 30 and 40 per cent of Promet.

Tan Sri Ibrahim, a Malaysian businessman who is a close associate of Dr Mahathir Mohamed, the Prime Minister, and Datuk Chang, a Singaporean engineering turned business-

man, were friends during their student days in London. The two built up Promet from a small loss-making construction company into one of the biggest groups in Malaysia.

However, differences arose because of conflicting management styles, and matters came to a head when Tan Sri Ibrahim wanted to inject his 19 per cent stake in Selangor Properties into Promet.

Last month, two shareholders, believed to be Datuk Chang's supporters, requisitioned an extraordinary general meeting to remove Tan Sri Ibrahim as chairman.

**Malaysian KFC takeover**

BY OUR KUALA LUMPUR CORRESPONDENT

INNOVEST, the Malaysian investment group, has reached a deal to take over the Kentucky Fried Chicken operations in Malaysia from Mr Loo Cheng Ghee, the controversial businessman, for 75m ringgit (\$30.5m).

The acquisition follows its purchase last year of a majority stake in Kentucky Fried Chicken (Singapore), also from Mr Loo.

KFC (Singapore) is listed on the Singapore Stock Exchange, but the business in Malaysia has been held by a private company although volume is more than twice that of Singapore. T wo of

the 41 outlets in Malaysia have consistently ranked among the top 10 Kentucky Fried Chicken outlets in the world by turnover.

The sale means that Mr Loo has unwound his last substantial business in Malaysia and Singapore.

Mr Loo, who was largely responsible for popularising the fast-food business in Malaysia and Singapore with his fried chicken franchise in 1971, became embroiled in controversy in early 1984 when he emerged as the man behind the palm oil crisis on the Kuala Lumpur Commodities Exchange.

**International Securities Clearing Corporation**  
A Subsidiary of National Securities Clearing Corporation

In conjunction with the establishment of our company, we take great pleasure in announcing the following elections:

- Board of Directors**
- Joseph Anastasio, Vice President, Salomon Brothers Inc.
  - Nicola L. Caporale, General Partner, Goldman, Sachs & Co.
  - Joseph L. Gitterman, III, Managing Partner, LaBranche & Co.
  - C. Richard Justice, Executive Vice President, National Association of Securities Dealers, Inc.
  - Christopher Keith, Senior Vice President, New York Stock Exchange, Inc.
  - David M. Kelly, President and Chief Executive Officer, National Securities Clearing Corporation.
  - John L. Kinnaman, President and Chief Operating Officer, International Securities Clearing Corporation.
  - Gerard P. Lynch, Managing Director, Morgan Stanley & Co. Incorporated.
  - Bernard L. Madoff, Proprietor, Bernard L. Madoff.
  - Ralph M. Mastrangelo, Senior Vice President, Morgan Guaranty Trust Company of New York.
  - C. Robert F. Meyjes, Senior Vice President, Citibank, N.A.
  - Michael T. Reddy, Senior Vice President, Merrill Lynch, Pierce, Fenner & Smith Inc.
  - Fenton R. Talbott, Managing Director, The First Boston Corporation.
  - Stephen L. Williams, Senior Vice President, American Stock Exchange, Inc.

- Officers**
- Gerard P. Lynch, Chairman of the Board.
  - David M. Kelly, Vice Chairman of the Board and Chief Executive Officer.
  - John L. Kinnaman, President and Chief Operating Officer.
  - Robert J. Woldow, Secretary and General Counsel and Treasurer.
  - Richard W. Myers, Senior Vice President, Operations.

55 Water Street, New York, NY 10041 • (212) 510-0400 • Telex 510600191 NSCC NYK

We are pleased to announce the following appointments:

**Managing Director**  
 HANS W. BÖLSTERLI, Geneva  
 MORTON E. WISE, London

**Principal**  
 HANS AMMANN, Lugano  
 ALAN V. JANOVER, New York

KURT L. BÜCHEL, Vaduz  
 WERNER KAESER, Zurich

DOUGLAS D. COY, London  
 MARK E. SOHN, London

EDGAR J. SWAAB, London

**Senior Vice President**  
 SEAN P. D'URBAN JACKSON, London  
 LYNN VAN HAREN, New York

MAURICE MULLER, Geneva  
 GRAHAM L. WALKER, London

PHILIPPE GIVEL, Geneva  
 Vice President

RENAUD DE FOESTRAETS, New York  
 RUTH GITLIN, London

MICHAEL D. MURPHY, London

**L. F. ROTHSCHILD, UNTERBERG, TOWBIN, INC.**  
 MEMBERS ALL LEADING EXCHANGES  
 New York, Boston, Chicago, San Francisco  
 London, Geneva, Lugano, Vaduz, Zurich

**Fletcher Challenge to lift payout**

By Gordon Cram

FLETCHER CHALLENGE, the forestry and farming group which in sales terms is New Zealand's biggest company, expects to increase its dividend for the year to June by an effective 25.3 per cent.

The company yesterday announced a maintained interim payout of 10.5 cents a share on capital boosted by a one-for-three scrip issue made last year. In addition, it plans a further one-for-five bonus issue at the end of this month, which will qualify for the final dividend.

This distribution, due in November, is expected also to be held at 12.5 cents a share, thus increasing by just over a quarter the payment to Fletcher shareholders of more than a year's standing.

Sir Ronald Trotter, the chairman, said the dividend announcement was intended as a "clear and unequivocal" signal of the board's confident outlook. But he declined to make any specific profit forecast ahead of the release of the interim results, due in mid-March.

Since last November—when Sir Ronald warned that Fletcher would have difficulty in matching the 1984-85 net profits of NZ\$180.9m (US\$98m)—the group has been acting to rationalise its businesses. It has sold two financial services units and, on Monday, announced a NZ\$226.5m deal under which British Petroleum and NZ Industrial Gas will take over its liquid petroleum gas interests.

On the Wellington Stock Exchange, Fletcher shares jumped 18 cents yesterday to NZ\$7.70, for a two-day rise of 30 cents. Fletcher in recent months has, however, been eclipsed by Brierley Investments as market leader in capitalisation—suggested by analysts as one factor behind the more vigorous approach detected in the group.

All of these securities having been sold, this announcement appears as a matter of record only.

3,000,000 Shares

**CETUS**

Common Stock

Shearson Lehman Brothers Inc.  
 L. F. Rothschild, Unterberg, Towbin, Inc.  
 Merrill Lynch Capital Markets

Kidder, Peabody & Co. The First Boston Corporation Bear, Stearns & Co. Inc.  
 Alex. Brown & Sons Dillon, Read & Co. Inc. Goldman, Sachs & Co.  
 Hambrecht & Quist E. F. Hutton & Company Inc. Lazard Frères & Co.  
 Montgomery Securities Morgan Stanley & Co. Robertson, Colman & Stephens  
 Salomon Brothers Inc. Smith Barney, Harris Upham & Co. Wertheim & Co., Inc.  
 Dean Witter Reynolds Inc. Cowen & Co. Sutro & Co.  
 ABD Securities Corporation Arnhold and S. Bleichroeder, Inc.  
 Cazenove Inc. Eberstadt Fleming Inc. EuroPartners Securities Corporation  
 Hoare Govett Limited Kleinwort, Benson Swiss Bank Corporation International

January, 1986

**Bankers Trust International Capital N.V.**  
 (Incorporated in the Netherlands Antilles)  
 U.S. \$200,000,000  
 Guaranteed Floating Rate Subordinated Notes Due 1996

For the three months 13th February, 1986 to 13th May, 1986 the Notes will carry an interest rate of 8 1/4% per cent per annum and interest payable on the relevant interest payment date 13th May, 1986 will be US\$202.41 per US\$10,000 note.

International Westminster Bank PLC  
 London - Agent Bank

**JB<sup>co</sup>B**

D-MARK-BAER - JULIUS BAER D-MARK BOND FUND LTD.  
 GRAND CAYMAN

**DIVIDEND ANNOUNCEMENT**

On 5th February, 1986 the Directors declared a dividend of D-Mark 20.00 per share payable on 14th March, 1986 on all Participating Shares then in issue.

Holders of bearer shares should present coupon No. 1 on or after 14th March, 1986 at the office of the Administrator Julius Baer Bank and Trust Company Limited, Butterfield House, Grand Cayman, B.W.I., or at the main office of the Agent, Bank Julius Baer & Co. Ltd, Bahnhofstrasse 36, 8001 Zurich, Switzerland.

By order of the Board  
 D-Mark-Baer, Julius Baer  
 D-Mark Bond Fund Ltd.  
 February 6, 1986

**JB<sup>co</sup>B**

DOLLAR-BAER - JULIUS BAER U.S. DOLLAR BOND FUND LTD.  
 GRAND CAYMAN

**DIVIDEND ANNOUNCEMENT**

On 5th February, 1986 the Directors declared a dividend of US-Dollars 30.00 per share payable on 14th March, 1986 on all Participating Shares then in issue.

Holders of bearer shares should present coupon No. 1 on or after 14th March, 1986 at the office of the Administrator Julius Baer Bank and Trust Company Limited, Butterfield House, Grand Cayman, B.W.I., or at the main office of the Agent, Bank Julius Baer & Co. Ltd, Bahnhofstrasse 36, 8001 Zurich, Switzerland.

By order of the Board  
 Dollar-Baer, Julius Baer  
 U.S. Dollar Bond Fund Ltd.  
 February 6, 1986

INTERNATIONAL COMPANIES and FINANCE

SEK low-cost bond stuns market

BY MAGGIE URRY

SWEDISH Export Credit (SEK) stunned the Eurodollar bond market yesterday with a fixed-rate deal which it claimed to give a cost of funds of more than 300 basis points below the level which could be achieved through a standard swap transaction.

Deutsche Bank had a success in the D-Mark market with a bond-and-equity-warrants package. The package was priced at 120 and traded around 130. The DM 710m issue comprises 10-year bonds paying a 6 1/2 per cent coupon.

General Occidentale's new Sfr 125m 10-year issue ended its first day's trading at 98 1/2 compared to its 94 1/2 issue price. The coupon is 5 1/2 per cent.

for Amex Credit Corporation. The idea was used two weeks ago for Austria. The 10-year bonds pay a coupon of 8 per cent which compares with levels of around 6 1/2 per cent on standard European deals at present.

Takeovers boost profits at Aga

By Kevin Done, Nordic Editor, in Stockholm

AGA, the Swedish industrial gas and refrigeration group, increased its profits last year by 45 per cent to Skr 910m (\$121m) from Skr 628m in 1984, helped by the takeovers of Uddeholm and Tressor.

The group now plans to raise its dividend from Skr 3.67 to Skr 4 a share for the year. It was exempt from the government's 1984 dividend freeze.

Hawley deal signals return to acquisition programme

BY ALEXANDER NICOLL

HAWLEY GROUP, the service industry concern with interests in the UK and US, yesterday announced a \$80m issue on the Euromarkets of preference shares convertible into common shares of the company, which is domiciled in Bermuda.

The issue, which received a favourable response in the market, follows hard on the heels of a \$100m bank credit facility syndicated in the Euromarkets last year.

attempted to clean up its image, selling off non-core interests buying out quoted minorities (and losing equity in the process), and calling a temporary halt to its run of US and UK acquisitions.

Mr David Hammond, finance director, said yesterday: "It's a fair assumption that we're not raising money to finance existing operations."

ence shares so that it will not show up as debt in the balance sheet, and is also therefore the latest in a string of "Euro-equity" issues. But it has many of the characteristics of a convertible Eurobond.

Led by Credit Suisse First Boston, it is of 15-year preference shares with an expected dividend of 8 1/2 to 9 per cent, convertible at a premium of 20 to 24 per cent above the market price on the day the terms are fixed.

Growing US interest in Australasian issues

BY PAUL TAYLOR IN NEW YORK

THE Antipodes appear to have become particularly fascinating to the US credit markets in recent weeks. Since late January eight Australian dollar denominated US issues have been launched totalling \$697.5m (US\$681m) together with the New Zealand dollar denominated "Kiwi" bond.

Interest in the US in non-dollar investment vehicles, Mr Nicholas Sargen, writing in Salomon Brothers' Comments on Credit, notes, "Since the beginning of this year the issuance of non-dollar bonds in the domestic US market has rivalled that of dollar-denominated Yankee bonds and is at an unprecedented level."

In late 1984 some traditional issuers such as the European Economic Community (EEC) began to offer non-dollar denominated Yankee bonds which were initially denominated in European Currency Units (Ecu's) and the Japanese yen and were purchased by US investors eager to diversify the currency composition of their portfolios but who preferred domestic bonds to those issued in the Euro or foreign bond markets.

of their high yields," says Mr Sargen. The attractions for the US issuers are somewhat more complex. On the face of it, borrowing at below money market rates looks like a big bonus—but 90-day money in Australia these days costs about 18.65 per cent, or almost 10 points above US commercial paper rates. So why would US issuers choose to borrow at these rate levels?

OECD reports decline in international borrowing

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

BORROWING IN the international capital markets slipped in January to \$18.4bn from \$25.2bn in December and \$23.5bn in January last year, according to figures released yesterday by the Organisation for Economic Co-operation and Development.

December and \$4bn down on January 1985, while note issuance facilities slipped to \$1.7bn compared with \$6.4bn in December.

The OECD reports that dollar-denominated issues totalled \$8.5bn in January, accounting for 62 per cent of overall volume in external bond markets.

\$47bn raised by Drexel in 1985

By Our Euromarkets Correspondent

DREXEL BURNHAM Lambert, the fast growing US investment banking house which specialises in so-called junk bond financing, has announced that it raised more than \$47bn in the US capital markets last year.

Erbamont net up by 70%

By Alan Friedman in Milan

ERBAMONT, THE pharmaceutical subsidiary of Italy's Montedison group which is listed on Wall Street, yesterday revealed a 70 per cent rise in its operating profit to L1,626.2m (\$1,493.3m) in the net profit level, the increase year-on-year was 61 per cent to L67.1bn (\$60m).

FT INTERNATIONAL BOND SERVICE

Listed are the 200 latest international bonds for which there is an adequate secondary market. Closing prices on February 11

Table with columns for US DOLLAR STRAIGHTS, OTHER STRAIGHTS, DOMESTIC BOND MARKETS, Foreign buyers lift Frankfurt, Zurich quiet but higher, Amsterdam little changed, and various bond listings with columns for Issued, Bid, Offer, Day, Week, Yield.

Moët-Hennessy ECU 50,000,000 9 Per Cent. Notes Due 1991. Advertisement for Chase Investment Bank, listing various international branches and services.







UK COMPANY NEWS

Jason Crisp on why Amstrad's fortunes are running high  
Sugar-sweet smell of success

MR ALAN SUGAR, 39, chairman and managing director of Amstrad, the consumer electronics and computer group, needed a calculator to work out what he was worth yesterday. After surprising the City with much higher interim results than had been expected he saw the value of his 50.4 per cent holding in the company he founded jump by £27.5m to £188m.

He remained typically sanguine about the stir caused by a pre-tax profit of £27.5m for six months ending December 31 1985 when a number of analysts had been talking about £15m. Expectations for the full year have been hastily revised and £48m to £50m now looks the likely target which compares with last year's £20.2m.

Even Mr Sugar acknowledged in his statement that the success for Amstrad's computer products was greater than budgeted, particularly in France, Spain and the UK. The company has done particularly well overseas, which now accounts for some 58 per cent of turnover and is expected to rise to 66 per cent for the full year.

tionally low prices. The best example is the word processor launched last September which still managed to account for 21 per cent of Amstrad's sales during the six-month period.

The word processor costs just under £460 and includes the computer, software, disc drive, screen and dot matrix printer. Amstrad was the first company to provide a low cost word processing system as a complete unit, saving the customer from having to buy different pieces of equipment and connecting them together. As Mr Sugar puts it: "It comes in one box with one power cord. You plug it in and it works."

It is also much cheaper than anything else on the market. A senior executive at Dixons recently said: "We've never known a product like this before. The customers come in and are actually aggressive about buying it."



Mr Alan Sugar, chairman of Amstrad

claims to be able to get very good deals; ● Unlike such companies as Sinclair Research and Acorn, which get into serious difficulty last year, Amstrad is much more cautious about stocks, which it normally keeps low; ● The company has low overheads. The management team is very small and most of the decisions appear to be made by Mr Sugar himself. Although this can be a strength, it is also seen as weakness by some analysts, particularly now the company is getting much bigger;

Production of the word processor is currently running at 50,000 units a month. Mr Sugar said yesterday that he was re-evaluating the company's strategy. "I am very cautious and don't want to over-react to its early success."

cent of sales in the full year. (Most of the home computers are sold just before Christmas.) Rumours abound that Amstrad is about to launch more business type computers like the word processor, including an IBM compatible Personal Computer.

Amstrad does hint that it indeed may be working on an IBM compatible PC but it will not be launched in the current financial year, ending June 30. However, it is to launch one more computer product, probably a more powerful version of the word processor.

The company is also planning to sell consumer products overseas, taking advantage of the name it has established in computers. Costs of setting up new marketing arrangements will be high. There is also a question about how well Amstrad's very basic audio equipment will sell in overseas markets.

FIH sells building supplier for £15m

By Martin Dickson  
Ferguson Industrial Holdings, the printing, packaging and builders' merchants group, is selling off its building supplies division to Bowater for £15.4m, in order to concentrate on the development of its printing and packaging side.

The division has 22 outlets in the North of England and Northern Ireland. Ferguson said that a restructuring of the industry in recent years meant that larger organisations had emerged which were more competitive than their smaller counterparts. It was felt the Ferguson division would be better placed when combined with a similar organisation.

Ferguson said the sale would free resources for its printing and packaging side, where sales had risen from £15m to £41m in the last five years, with trading profits up from £1.4m to £5.5m. Ferguson said it wanted to develop plastic packaging products for the expanding food, beverages and pharmaceuticals markets, which it believed could provide high returns.

Our Price held back by interest and opening costs

HIGHER INTEREST charges and the costs of opening new shops held back pre-tax profit growth at Our Price, the recorded music chain, in the first half of the 1985-86 year.

The result for the six months to November 27 came to £681,000 against £582,000 after interest nearly £100,000 ahead at £131,000. The first half is traditionally the group's slowest trading period.

The cost of opening new premises came to £116,000, and if written back along with interest would have produced a taxable figure of £88,000, a 38 per cent increase over the comparable figure.

expenditure will mean greater profitability in the future. He was confident of a most satisfactory improvement in the current year.

The interim dividend is raised by 0.5p to 2p, with earnings per share up from 4.6p to 5.5p. The total last time came to 5p on pre-tax profits of £1.8m.

Turnover increased from £14.7m to £20.85m. During the trading period, the group opened 16 shops and closed one, making a total of 115 (90). This has resulted in an increase in sales area of 23,000 sq ft, making a total of 136,000 at the period end. Since then, a further 11 shops have opened and two closed, bringing the total to 124 with sales area of 148,000 sq ft.

comment

Given its rating at the top of the fashionable stores sector, nothing but the very best will do from Our Price. These results, showing an underlying 36 per cent advance in pre-tax profits, were initially judged not quite up to scratch, although the statement was confident enough to reassure investors that their rosy view of the company is still appropriate.

The Christmas season was very good with sales of compact discs particularly strong. Expansion is continuing apace, with a total of 40 shops being opened this year, and 50 planned for next. This should take the Our Price chain further from its roots in the South East, enabling it to go on adding market share. The Christmas side-effects of such rapid expansion are higher borrowings (gearing could be 70 per cent by year end) and a 16 per cent stake in Abaco, which must rule out for the time being any startline advance from yesterday's price of 50p.

McKechnie reveals bid for Newman as waiting ends

BY DAVID GOODHART

McKechnie Brothers, the plastic and non-ferrous metals group, yesterday underlined that it was not prepared to wait for an agreed takeover by Midlands manufacturer Newman Tonks and admitted that Williams Holdings 6 per cent stake in McKechnie had "sharpened it up".

Abaco set for significant acquisition

BY DAVID GOODHART

Abaco Investments, the rapidly growing financial services company, announced yesterday that negotiations are at an advanced stage for a "significant acquisition". The name of the target company, which is also involved in financial services, will be announced today, alongside Abaco's preliminary results for the year to December.

Guinness/Distillers

THE Office of Fair Trading said last night it was still considering the proposed Guinness merger with Distillers. That means a decision from the Department of Trade and Industry on whether to refer the merger to the Monopolies and Mergers Commission is not now expected until next week, after the Guinness offer document has been published. Argyll has meanwhile further increased its holding in Distillers to 4.27 per cent. Guinness's share price recovered another 7p yesterday closing at 282p.

Improved margins behind threefold rise

Amstrad Consumer Electronics results for the first half of the 1985-86 showed pre-tax profits up from £9.53m to £27.54m — a near threefold rise — on turnover of £59.22m ahead at £124.31m. This represents an improvement in margins from 12.8 per cent to 21.4 per cent.

from 6.324p to 6.486p per share, with earnings ahead at 17.95p (6.55p). The dividend total last year came to 6.942p on £20.16m.

Announcing the figures, Mr Alan Sugar, chairman, said that the increased demand arose principally through the subsidiary companies in France and Hong Kong selling to agents in Germany, Spain, Australia, Scandinavia and the US. "Amstrad is now firmly established as an international company with markets throughout the world and is not wholly reliant on any one market," he added.

Lee Cooper spends £5m expanding jeans interests

Lee Cooper, the jeans manufacturer, is spending at least £5m to buy a private UK jeans company which distributes Macdonald denim, for £1.7m, the Otto Albert Group, which manufacturers and distributes a complementary range under the brand name Marshall.

Meldrum up 25%

Meldrum Investment Trust, a 75-per-cent-owned subsidiary of British and Commonwealth Shipping, lifted net earnings 25 per cent from £983,000 to £1,244m for 1985.

Manganese down midway

SHORT-TIME WORKING at its London taxi division led to a sharp drop in profits at Manganese Bronze Holdings for the six months to January 31 1986.

Lee Cooper spends £5m expanding jeans interests

Lee is also taking a 70 per cent holding in Reno, a private UK jeans company which distributes Macdonald denim, for £1.7m, the Otto Albert Group, which manufacturers and distributes a complementary range under the brand name Marshall.

Guinness/Distillers

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US\$75,000,000  
15% GUARANTEED NOTES  
DUE 1987

NOTICE IS HEREBY GIVEN that pursuant to 9(a) (i) of the Terms and Conditions of the Notes, the Company have elected to redeem all the Notes at their principal amount on 18th March 1986, (the "Redemption Date"), when interest on the Notes will cease to accrue.

Repayment of principal together with accrued interest will be made on the Redemption Date, against presentation and surrender of the Notes at the offices of any of the Paying Agents mentioned thereon.

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114 Old Broad Street,  
London EC2P 2HY

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and at the registered office of Mecca Leisure Group plc at 76 Southwark Street, London SE1.0PP. Copies are also available from the Company Announcements Office, The Stock Exchange, London EC2 until 14th February, 1986.

12th February, 1986

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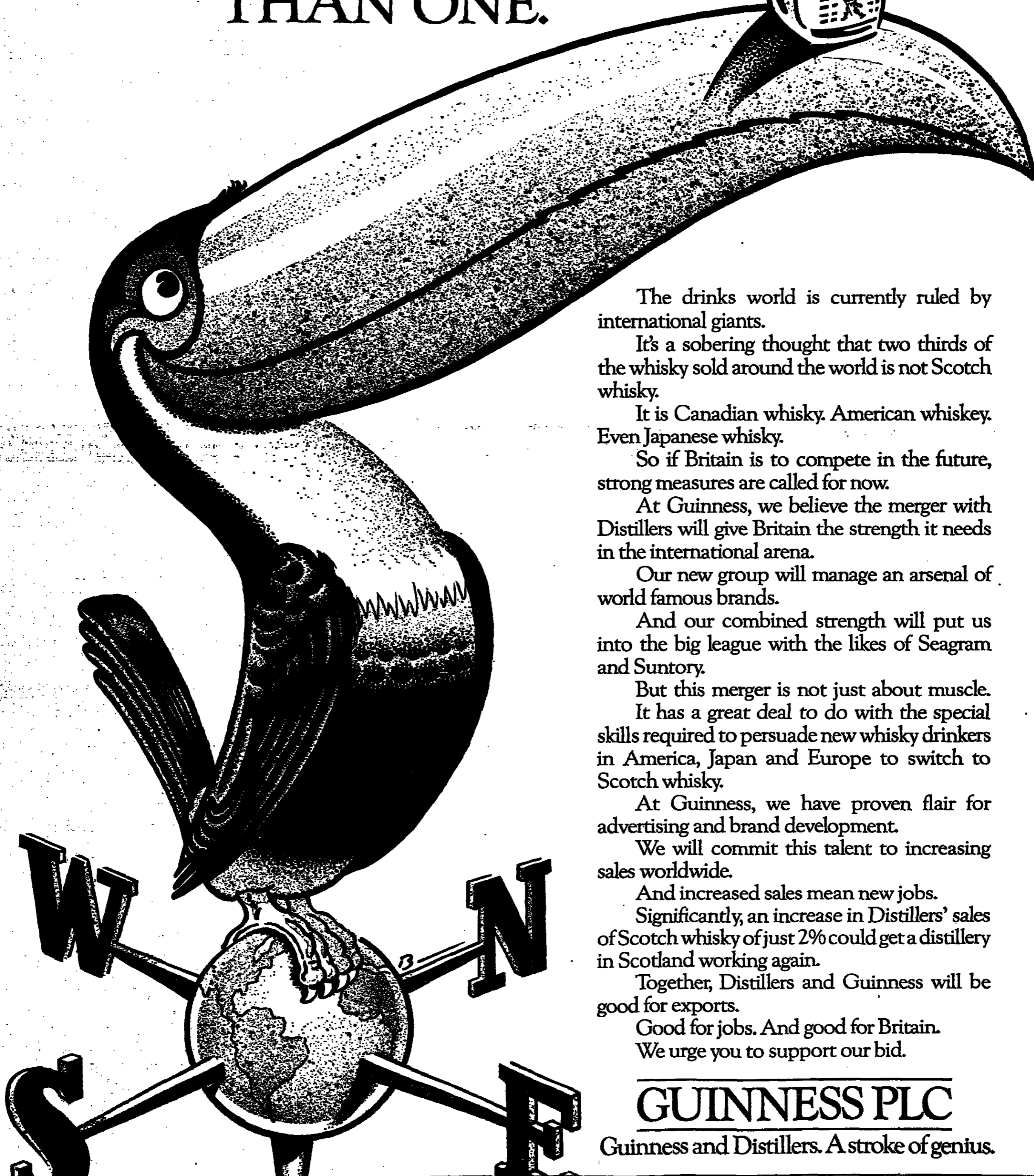
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# IN THE INTERNATIONAL DRINKS MARKET, TWO CAN DO BETTER THAN ONE.



February 12 1986  
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Abaco set to  
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ERCIAL



The drinks world is currently ruled by international giants.

It's a sobering thought that two thirds of the whisky sold around the world is not Scotch whisky.

It is Canadian whisky. American whiskey. Even Japanese whisky.

So if Britain is to compete in the future, strong measures are called for now.

At Guinness, we believe the merger with Distillers will give Britain the strength it needs in the international arena.

Our new group will manage an arsenal of world famous brands.

And our combined strength will put us into the big league with the likes of Seagram and Suntory.

But this merger is not just about muscle. It has a great deal to do with the special skills required to persuade new whisky drinkers in America, Japan and Europe to switch to Scotch whisky.

At Guinness, we have proven flair for advertising and brand development.

We will commit this talent to increasing sales worldwide.

And increased sales mean new jobs. Significantly, an increase in Distillers' sales of Scotch whisky of just 2% could get a distillery in Scotland working again.

Together, Distillers and Guinness will be good for exports.

Good for jobs. And good for Britain. We urge you to support our bid.

## GUINNESS PLC

Guinness and Distillers. A stroke of genius.

This advertisement is published by Morgan Grenfell & Co Limited and The British Linen Bank on behalf of Guinness PLC. The Directors of Guinness PLC are the persons responsible for the information contained in this advertisement. To the best of their knowledge and belief (having taken all reasonable care to ensure such is the case) the information contained in this advertisement is in accordance with the facts. The Directors of Guinness PLC accept responsibility accordingly. SOURCE: International Wine and Spirit Record.

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146	118	Asa. Brit. Ind. Ord...	124	-	7.3	6.5	7.6
151	121	Asa. Brit. Ind. CULS	129	-	10.0	7.0	-
78	52	Alparagon Group	70	-	6.4	8.1	11.7
48	23	Armitage and Rhodes	35	-	4.3	12.3	4.3
168	108	Bardon Hill	165	-	4.0	2.4	21.2
64	42	Bry Technology	55	-	3.9	7.0	6.8
201	136	CCL Ordinary	138	+1	12.0	6.7	3.4
152	97	CCL 7 1/2% Conv. Pref.	98	+1	15.7	15.5	-
135	80	Carbonium Orl.	85	-	5.5	3.6	6.7
94	87	Carbonium 7.5% Pf.	91	-	10.7	11.8	-
55	46	Dorrah Services	57	-	7.0	12.5	6.5
32	20	Frederick Parker Group	21	-	-	-	-
32	50	George Blair	52	-	-	-	-
68	20	Ind. Precision Castings	68	-	5.0	4.5	17.4
218	163	Iifa Group	165	-	15.0	8.5	12.5
122	101	Jackson Group	121	-	5.5	4.5	8.1
118	228	James Burrough	318	-	15.0	4.7	10.0
35	85	James Burrough Spe Pl	92nd	-	12.8	14.5	-
55	64	John Howard and Co.	64	-	5.0	7.8	6.1
865	670	Minihouse Holding NY	845	-40	6.5	0.8	28.8
52	32	Robert Jenkins	35	+1	-	-	9.0
34	28	Servitons 'A'	30	-	-	-	7.7
87	66	Torday and Carlisle	68	+1	5.0	7.4	3.4
270	220	Trevin Holdings	225	-	4.2	1.2	18.2
42	26	Unilock Holdings	41	-	2.1	5.1	11.1
123	99	Walley Alexander	132	-	8.6	8.5	7.5
226	195	W. S. Yates	200	-	17.4	6.7	6.7

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**Walter Lawrence P.L.C.**

(Registered in England No. 153182)

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22nd February 1986

**UK COMPANY NEWS**

**Stonehill half-way profits hit by trading difficulties**

POOR TRADING and the costs of absorbing a new subsidiary have almost wiped out interim profits at furniture maker Stonehill Holdings.

The company reported pre-tax profits of £28,000 for the 22 weeks to November 10 1985, compared with £504,000 in 1984. The interim dividend is held at 3p.

The directors said trading had been difficult and turnover had fallen below budget. Also, the cost of developing and marketing new Unifix ranges, and of renovating Unifix factories had been high. Stonehill acquired Unifix in October 1984.

Turnover for the period was down from £10.88m to £10.07m, and the trading profit down from £61,000 to £23,000. Depreciation was £194,000 against £157,000 and tax amounted to £12,000 (£227,000).

After allowing for ordinary and preferential dividend payments of £1.2m, the interim dividend of 4.2p.

The board said trading conditions were still difficult, but it expected a recovery in 1986-87 and a resumption of the company's expansion programme in 1987-88.

It said the company's established Stateroom ranges had been improved by adding a modern system of modular furniture. This had been exhibited at Earls Court in November and was well received by customers.

Stonehill's property subsidiary was continuing to develop by expanding its portfolio of freehold properties and considerable effort had been devoted to developing export business. However, these would not show returns for some time, the board said.

**comment**

Stonehill Holdings is not sitting pretty in the face of cheaper European imports which are making it hard to maintain sales in a volume business. And although the company is invest-

ing so as to reduce its breakeven point, the benefits of this have yet to come through. In the circumstances an uncovered dividend at the half-way mark is better than no leaf.

The payout level was, however, less generous because the Steinberg family, who own and run the company, valued their entitlement. Outside shareholders who keep the stock for income should be more than content with a yield of 11 per cent — although the sharp fall in the share price due to selling ahead of these figures helped yank this up by a full point or more. The best that can be hoped for this year is that Stonehill will be able to cover its dividends (assuming the same waivers volunteer again), which suggests pre-tax profits of £250,000. The shares at 78p are on a 1985-86 low and some optimists will no doubt be taking of a recovery situation. But with only one good year in the last five, Stonehill needs to do more on costs to convince.

**Spice sets new date for USM flotation**

SPICE, which claims to be the UK's largest independent wholesaler and distributor of automotive parts, is taking a second crack at USM flotation.

The company originally intended to go public last September. But the flotation was scuppered by the launch, three weeks before the launch, of Mr David Roberts, had been convicted of fraud.

The flotation was put on ice and Mr Roberts charged with misappropriation of funds.

The flotation is now scheduled for February 20 in a placing through stockbroker Capel-Cure Myers. Spice will release 2,888,750, or 37 per cent, of its shares at a placing price of 80p.

This will capitalise the company at 58.2m. In the financial year to September 31 Spice managed turnover of £18.5m and pre-tax profit of £648,000, producing a p/e after tax of 8.4.

The directors expect to pay a dividend of 0.28p a share for the six months to March 31 and, assuming that profits reach a similar level to those of the last financial year, the final dividend will be 2.5p a share.

Spice began trading 20 years ago under the aegis of its present chairman, Mr Gordon Spice, who, as a racing car driver, won the British saloon car championship seven years running.

The company has since established four cash and carry warehouses in the south of England which collectively command just under 2 per cent of the total auto parts sector, according to Mintel, the market research company.

Should the flotation prove successful, Spice will raise £2.3m which will be channelled into expansion, by opening new units in the north of England and possibly in Wales, and into diversification, by developing related areas such as the production of leisure goods for sale in High Street auto parts shops and garage forecourts.

**Lower Zimbabwe profits hit United Packaging**

LOWER PRE-TAX profits from its Zimbabwe side have resulted in a reduced £468,242 at United Packaging for the six months to end-October 1985, against a previous £497,455.

The directors say this West Yorkshire-based group, which is involved in the manufacture and distribution of packaging goods in the UK, Zimbabwe and Botswana, improved from £4.57m to £4.68m, with the UK rising to £3.59m (£3.15m) and Zimbabwe to £1.27m (£1.53m).

The directors are lifting the interim dividend from an adjusted 1.2p following the one for three scrip issue in October, to 1.4p. In 1984-85 an adjusted 2.7p total was paid out on pre-tax profits of £1.2m.

For this half UK profits continued to rise, showing a 15 per cent improvement to £243,394, and the directors

expect the second half to show continued growth. Although the Zimbabwe profits fell by £66,908 to £187,260, in local currency terms they were virtually unchanged. Application has been made in Zimbabwe for purchase of Government 4 per cent deferred bonds which will lead to the resumption of remittances from Zimbabwe to the UK.

After a lower tax charge of £214,000 (£240,000) net profits emerged slightly down from £257,463 to £254,242. Minorities took a reduced £21,432 (£30,390), leaving attributable profits ahead at £232,810 against £227,074.

State earnings per 10p share for this USM-quoted company are up from 5.38p to 5.49p based on attributable profits and up from 3.2p to 3.96p based on profits available for distribution in the UK.

**DJ Security advances to £210,000**

A substantial increase in pre-tax profits is reported by DJ Security Alarms for the year to October 31 1985. Figures show profits up from £99,118 to £209,630 on turnover higher at £1.17m compared with £778,310.

The results include the consolidation of figures of a new subsidiary—DJ Security Alarms (Wales)—which is 75 per cent owned. The result also includes a tax charge of £61,423 compared with a credit of £14,000 last year.

The final dividend is raised from 0.3p net to 0.85p for an increased total of 1.5p against 1.2p. State earnings per 10p share improved from 2.85p to 3.19p fully diluted.

The company has recently received from approval to maintain certain specified types of telecommunications equipment.

**Nevi Baltic pre-tax profits rise by 21%**

Nevi Baltic, the financial services group formed by the merger of Baltic by the Norwegian Nevi group, reported a 21 per cent increase in pre-tax profits on turnover up by 22 per cent in the six months to the end of January 1986.

From earnings per 5p share of 8.2p (12.5p), 7.7p (nd) fully diluted, the interim payment has been raised from 1p to 1.5p net.

Turnover for the period was £8.63m (£7.1m), giving taxable profits of £2.5m (£1.65m). The results are presented on a merger accounting basis and include results for Baltic Group from August 1 1985 and Nevi from its incorporation in November last year.

The tax charge was £461,000 (£581,000) and there was an extraordinary debit of £141,000 relating to costs incurred.

The directors say that in addition to consolidating existing activities the group is expanding both of its established profit centres—asset finance and property finance.

**Yearlings**

The interest rate for this week's issue of local authority bonds is 12 1/2 per cent, down 1/2 a percentage point from last week, and compares with 12 1/2 per cent a year ago. The bonds are issued at par and are redeemable on February 18 1987.

A full list of issues will be published in tomorrow's edition.

**W. Greenwell**

The source of a table of UK Banks' interests in the US, based on the Company News page of last Saturday's FT, was W. Greenwell's November Banking Commentary.

**NOTICE OF REDEMPTION**

To the Holders of

**FINANCE FOR INDUSTRY LIMITED**

(now Investors in Industry Group plc)

10% Sterling/U.S. dollar payable Bonds 1989

NOTICE IS HEREBY GIVEN that the Annual Redemption due March 15, 1986 has been carried out by a selection by lot of £350,000 nominal Bonds on February 5, 1986 for redemption, at par as follows:

OUTSTANDING BONDS OF £1,000 EACH BEARING SERIAL NUMBERS ENDING IN THE FOLLOWING TWO DIGITS:

21		27		41		72		82		92	
215	1115	1615	2115	2615	3115	4615	5615	6615	7615	8615	9115
715	1215	1715	2215	2715	3215	4215	5215	6215	7215	8215	9215

Said Bonds may be presented for payment to Morgan Guaranty Trust Company of New York, 39 West Broadway, New York, New York 10015 or to the other Paying Agents named on the Bonds.

Bonds surrendered for redemption should have attached all unexpired coupons appurtenant thereto. Coupons due March 15, 1986 should be detached and collected in the usual manner. PAYMENT WILL BE MADE ON MARCH 15, 1986 AGAINST SURRENDER OF BONDS IN STERLING OR, AT THE OPTION OF THE BEARER, IN U.S. DOLLARS CALCULATED AS SET FORTH IN CONDITION 6 OF THE BONDS. SUCH OPTION TO RECEIVE DOLLARS IS IRREVOCABLE AND MAY BE MADE ONLY BY THE PRESENTATION AND SURRENDER OF SUCH BONDS, TOGETHER WITH A COMPLETED NOTICE OF EXERCISE OF DOLLAR OPTION, AT THE PRINCIPAL OFFICE OF ANY OF THE PAYING AGENTS NOT LATER THAN MARCH 6, 1986. INTEREST ON THE BONDS IS PAYABLE ONLY IN U.S. DOLLARS.

Payments will be made (i) in the case of any payment to be made in pounds sterling by a check drawn on, or by transfer to an account maintained by the payee with, a bank in London, subject in each case to any laws or regulations applicable thereto; and (ii) in the case of any payment to be made in U.S. dollars, at any agency outside New York City by a check drawn on a U.S. dollar account, or by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City, subject in each case to any laws or regulations applicable thereto. Any such payment made by transfer to an account maintained by the payee with a bank in the United States may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds if payee not recognized as exempt recipient fail to provide the paying agent with an executed IRS Form W-9 in the case of non-U.S. persons certifying under penalties of perjury that the payee is not a U.S. person or an executed IRS Form W-9 in the case of U.S. persons certifying under penalties of perjury that the payee's taxpayer identification number (employer identification number or social security number, as appropriate). Those holders who are required to provide their correct taxpayer identification number on Internal Revenue Service Form W-9 and who fail to do so may also be subject to a penalty of \$50. Please therefore provide the appropriate certification when presenting your securities for payment.

From and after March 15, 1986 interest shall accrue on the Bonds herein designated for redemption.

**INVESTORS IN INDUSTRY GROUP PLC**

By: MORGAN GUARANTY TRUST COMPANY OF NEW YORK, Principal Paying Agent

Dated: February 12, 1986

This announcement appears as a matter of record only.



(Incorporated in the Kingdom of Norway with limited liability)

The Norwegian financial services group through its subsidiary

**NEVI BALTIC PLC**

has acquired

**BALTIC PLC**

The undersigned initiated this transaction and acted as financial advisor to Nevi Baltic PLC

QUAIL INVESTMENT COMPANY (U.K.) LIMITED

W. GREENWELL & CO.

February 1986

**NOTICE OF OPTIONAL REDEMPTION**



**crédit foncier de france**

U.S. \$60,000,000 Guaranteed Floating Rate Notes due 1990

Notice is hereby given that in accordance with the description of the above Notes, Crédit Foncier de France, has elected to redeem all of the outstanding Notes at their principal amount on 19th March, 1986, when interest on the Notes will cease to accrue.

Repayment of principal will be made upon presentation and surrender of the Notes with all unexpired Coupons attached, at the offices of any of The Paying Agents mentioned thereon.

Accrued interest due on 19th March, 1986 will be paid in the normal manner against presentation of Coupon No. 7.



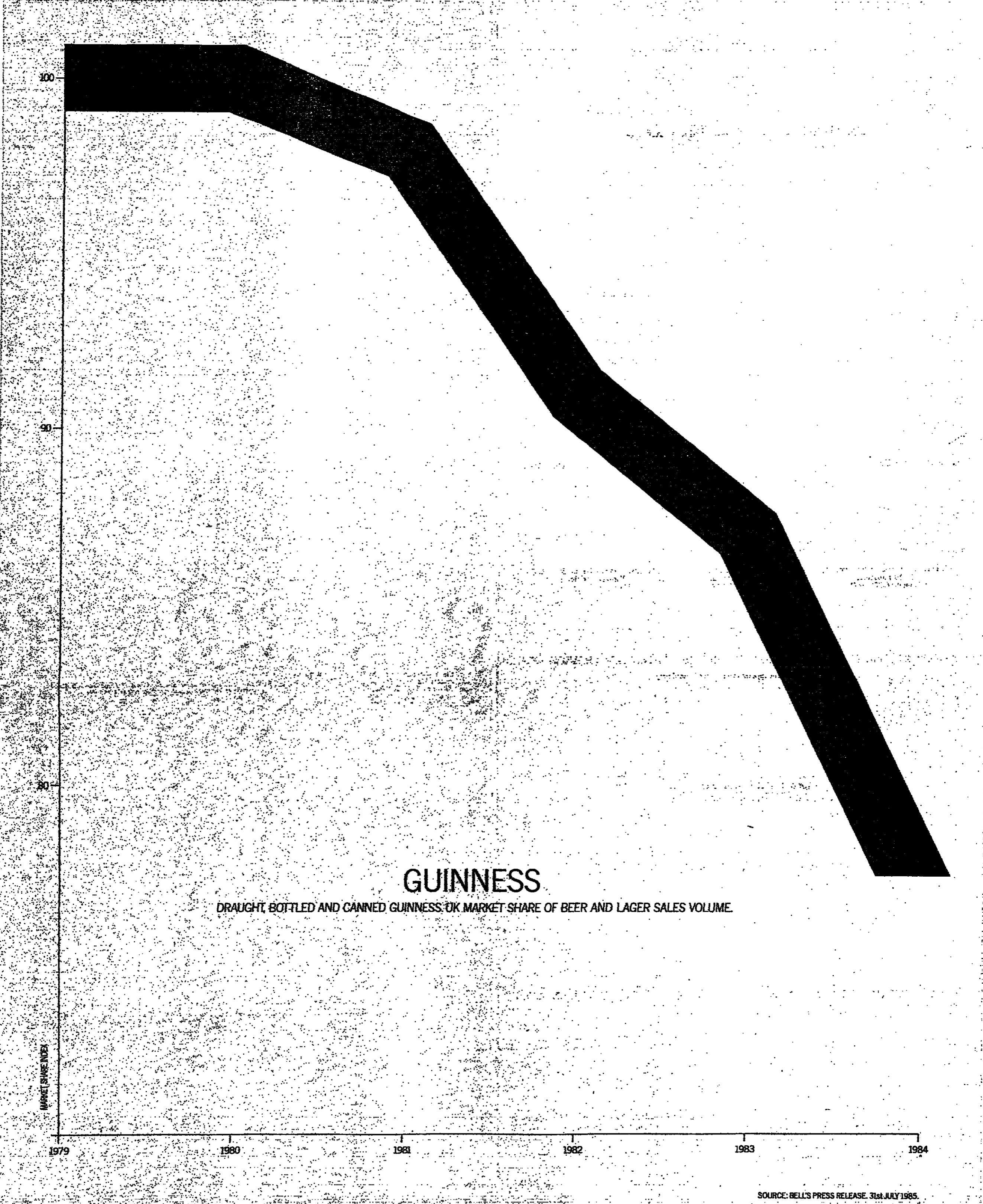
The Sumitomo Bank, Limited

Fiscal and Paying Agent



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February 12 1986  
Spice sets new date for USM flotation  
LIMITED  
de France  
0.000  
Rate  
12.50  
limited



**Unbelievable but true.**  
**Distillers have turned to Guinness for marketing help.**  
 Argyll. We can revive Distillers' spirits.

UK COMPANY NEWS

Imps gets breather in bid battle

By Martin Dickson

Imperial Group, which is fighting a £1.8bn takeover bid from Hanson Trust, has been released by the Takeover Panel from the normal timetable governing bid battles.

The ruling has been made because the Government is taking an unusually long time in deciding whether or not to refer to Monopolies Commission either the Hanson bid for Imperial or Imperial's rival plan for a merger with United Biscuits. An announcement is now likely later this week.

Yesterday was the 30th day of the Hanson bid, which is normally the last on which a defending company can publish significant information, including profits forecasts. With the agreement of Imperial, the panel is allowing Hanson to publish a revised offer, the last day of the bid. But the ruling does not affect the next closing dates of the two offers.

Britvic and Canada Dry Rawlings unveil agreed merger plan

By Lisa Wood

BRITVIC, the mixed drink and fruit juice subsidiary of Allied Lyons, confirmed yesterday that it is to merge with Canada Dry Rawlings, the soft drinks maker owned by Bass and Whitbread.

Bass, with 68 per cent of Canada Dry Rawlings, will manage the new soft drinks business and will have 90 per cent of the shares with Allied Lyons and Whitbread each owning 5 per cent.

Mr Ren Richards, a director of Bass, will remain chairman of the business which will retain existing trading names. The holding company of the business is Britannia Soft Drinks whose trading name is Canada Dry Rawlings.

The move is part of a general shake-up in the 220m-year UK soft drinks industry which is fighting against overcapacity and a decline in prices in real terms. The financial terms of the merger have not been disclosed.

Loss of £0.24m by CPS Computer

AS THE company warned last month CPS Computer Group fell into loss in the second half of 1985, wiping out the interim profits of £802,000.

Although directors were expecting an improvement at the halfway stage the USM-quoted computer distributor reported a loss for the year to the end of September 1985 of £243,000, in line with last month's forecast of between £300,000 and £250,000. In the previous year the group profits of £2.27m.

The result was achieved on turnover up from £37.26m to £41.7m.

From continuing activities a loss of £70,000 was incurred against a profit last time of £255m and discontinued activities added losses of £178,000 against losses of £279,000.

There was a tax credit of £708,000 (debit £276,000) and an extraordinary credit of £89,000 (nil) leaving earnings per 20p share of 1.9p (1.5p). The directors are proposing an unchanged final payment of 0.7p, making a same-again total of 1p.

The extraordinary credit represents the surplus on the previous pensions scheme of Olympia (Redcross) less the loss on the ending of data entry and software services activities. The discontinued activities refer to the results of Lanex Commercial Computing and Lanex Computing Services which were sold in December last year.

NOTICE OF REDEMPTION BY THE REGIONAL MUNICIPALITY OF OTTAWA-CARLETON

To the Holders of Debentures U.S. \$25,000,000  
9 1/2% Debentures due March 15, 1990  
Authorized by By-Law Number 35 of 1975

Principal Amount Redeemable March 15, 1986 U.S. \$1,976,000  
Less: Credit of Principal Amount of Debentures Purchased and Cancelled U.S. \$ 537,000  
Balance of Principal Amount to be Redeemed U.S. \$1,439,000

NOTICE IS HEREBY GIVEN that the Regional Municipality of Ottawa-Carleton will redeem on March 15, 1986 Debentures bearing the numbers listed below at 100% of the principal amount of each Debenture plus accrued interest to the redemption date.

U.S. \$1,000 COUPON BEARING DEBENTURES

00031	01571	04310	05135	06178	07168	07975	09082	10107	12327	13726	14848	18456	20040	20832	21611	22416	23637
00040	01613	04319	05146	06198	07188	07993	09103	10128	12348	13747	14869	18477	20061	20853	21632	22437	23658
00051	01615	04321	05148	06200	07190	07995	09105	10130	12350	13749	14871	18479	20063	20855	21634	22439	23660
00062	01616	04326	05153	06205	07195	07999	09109	10134	12354	13753	14875	18483	20067	20859	21638	22443	23664
00073	01617	04331	05158	06210	07200	08005	09115	10140	12360	13759	14881	18489	20071	20863	21642	22447	23668
00084	01618	04336	05163	06215	07205	08010	09120	10145	12365	13764	14883	18491	20073	20865	21644	22449	23670
00095	01619	04341	05168	06220	07210	08015	09125	10150	12370	13773	14885	18493	20075	20867	21646	22451	23672
00106	01620	04346	05173	06225	07215	08020	09130	10155	12375	13781	14889	18495	20077	20869	21648	22453	23674
00117	01621	04351	05178	06230	07220	08025	09135	10160	12380	13786	14893	18497	20079	20871	21650	22455	23676
00128	01622	04356	05183	06235	07225	08030	09140	10165	12385	13791	14897	18499	20081	20873	21652	22457	23678
00139	01623	04361	05188	06240	07230	08035	09145	10170	12390	13796	14901	18501	20083	20875	21654	22459	23680
00150	01624	04366	05193	06245	07235	08040	09150	10175	12395	13801	14905	18503	20085	20877	21656	22461	23682
00161	01625	04371	05198	06250	07240	08045	09155	10180	12400	13806	14909	18505	20087	20879	21658	22463	23684
00172	01626	04376	05203	06255	07245	08050	09160	10185	12405	13811	14913	18507	20089	20881	21660	22465	23686
00183	01627	04381	05208	06260	07250	08055	09165	10190	12410	13816	14917	18509	20091	20883	21662	22467	23688
00194	01628	04386	05213	06265	07255	08060	09170	10195	12415	13821	14921	18511	20093	20885	21664	22469	23690
00205	01629	04391	05218	06270	07260	08065	09175	10200	12420	13826	14925	18513	20095	20887	21666	22471	23692
00216	01630	04396	05223	06275	07265	08070	09180	10205	12425	13831	14929	18515	20097	20889	21668	22473	23694
00227	01631	04401	05228	06280	07270	08075	09185	10210	12430	13836	14933	18517	20099	20891	21670	22475	23696
00238	01632	04406	05233	06285	07275	08080	09190	10215	12435	13841	14937	18519	20101	20893	21672	22477	23698
00249	01633	04411	05238	06290	07280	08085	09195	10220	12440	13846	14941	18521	20103	20895	21674	22479	23700
00260	01634	04416	05243	06295	07285	08090	09200	10225	12445	13851	14945	18523	20105	20897	21676	22481	23702
00271	01635	04421	05248	06300	07290	08095	09205	10230	12450	13856	14949	18525	20107	20899	21678	22483	23704
00282	01636	04426	05253	06305	07295	08100	09210	10235	12455	13861	14953	18527	20109	20901	21680	22485	23706
00293	01637	04431	05258	06310	07300	08105	09215	10240	12460	13866	14957	18529	20111	20903	21682	22487	23708
00304	01638	04436	05263	06315	07305	08110	09220	10245	12465	13871	14961	18531	20113	20905	21684	22489	23710
00315	01639	04441	05268	06320	07310	08115	09225	10250	12470	13876	14965	18533	20115	20907	21686	22491	23712
00326	01640	04446	05273	06325	07315	08120	09230	10255	12475	13881	14969	18535	20117	20909	21688	22493	23714
00337	01641	04451	05278	06330	07320	08125	09235	10260	12480	13886	14973	18537	20119	20911	21690	22495	23716
00348	01642	04456	05283	06335	07325	08130	09240	10265	12485	13891	14977	18539	20121	20913	21692	22497	23718
00359	01643	04461	05288	06340	07330	08135	09245	10270	12490	13896	14981	18541	20123	20915	21694	22499	23720
00370	01644	04466	05293	06345	07335	08140	09250	10275	12495	13901	14985	18543	20125	20917	21696	22501	23722
00381	01645	04471	05298	06350	07340	08145	09255	10280	12500	13906	14989	18545	20127	20919	21698	22503	23724
00392	01646	04476	05303	06355	07345	08150	09260	10285	12505	13911	14993	18547	20129	20921	21700	22505	23726
00403	01647	04481	05308	06360	07350	08155	09265	10290	12510	13916	14997	18549	20131	20923	21702	22507	23728
00414	01648	04486	05313	06365	07355	08160	09270	10295	12515	13921	14999	18551	20133	20925	21704	22509	23730
00425	01649	04491	05318	06370	07360	08165	09275	10300	12520	13926	15003	18553	20135	20927	21706	22511	23732
00436	01650	04496	05323	06375	07365	08170	09280	10305	12525	13931	15007	18555	20137	20929	21708	22513	23734
00447	01651	04501	05328	06380	07370	08175	09285	10310	12530	13936	15011	18557	20139	20931	21710	22515	23736
00458	01652	04506	05333	06385	07375	08180	09290	10315	12535	13941	15015	18559	20141	20933	21712	22517	23738
00469	01653	04511	05338	06390	07380	08185	09295	10320	12540	13946	15019	18561	20143	20935	21714	22519	23740
00480	01654	04516	05343	06395	07385	08190	09300	10325	12545	13951	15023	18563	20145	20937	21716	22521	23742
00491	01655	04521	05348	06400	07390	08195	09305	10330	12550	13956	15027	18565	20147	20939	21718	22523	23744
00502	01656	04526	05353	06405	07395	08200	09310	10335	12555	13961	15031	18567	20149	20941	21720	22525	23746
00513	01657	04531	05358	06410	07400	08205	09315	10340	12560	13966	15035	18569	20151	20943	21722	22527	23748
00524	01658	04536	05363	06415	07405	08210	09320	10345	12565	13971	15039	18571	20153	20945	21724	22529	23750
00535	01659	04541	05368	06420	07410	08215	09325	10350	12570	13976	15043	18573	20155	20947	21726	22531	23752
00546	01660	04546	05373	06425	07415	08220	09330	10355	12575	13981	15047	18575	20157	20949	21728	22533	23754
00557	01661	04551	05378	06430	07420	08225	09335	10360	12580	13986	15051	18577	20159	20951	21730	22535	23756
00568	01662	04556	05383	06435	07425	08230	09340	10365	12585	13991	15055	18579	20161	20953	21732	22537	23758
00579	01663	04561	05388	06440	07430	08235	09345	10370	12590	13996	15059	18581	20163	20955	21734	22539	23760
00590	01664	04566	05393	06445	07435	08240	09350	10375	12595	14001	15063	18583	20165	20957	21736	22541	23762
00601	01665	04571	05398	06450	07440	08245	09355	10380	12600	14006	15067	18585	20167	20959	21738	22543	23764
00612	01666	04576	05403	06455	07445	08250	09360	10385	12605	14011	15071	18587	20169	20961	21740	22545	23766
00623	01667	04581	05408	06460	07450	08255	09365	10390	12610	14016	15075	18589	20171	20963	21742	22547	23768
00634	01668	04586	05413	06465	07455	08260	09370	10395	12615	14021	15079	18591	20173	20965	21744	22549	23770
00645	01669	04591	05418	06470	07460	08265	09375	10400	12620	14026	15083	18593	20175	20967	21746	22551	23772
00656	01670	04596	05423	06475	07465	08270	09380	10405	12625	14031	15087						















COMMODITIES AND AGRICULTURE

US faces sugar imports dilemma

BY NANCY DUNNE IN WASHINGTON

THE US Government was yesterday considering an embarrassing dilemma over a cut in the country's sugar import quota...

said Ms Carolyn Blydes, an aide to Congressman Thomas Downey, a New York Democrat...

price at no cost to the government, the cut should be double that amount, Mr Barakat said.

the 68 African, Caribbean and Pacific (ACP) states linked to the community by the Lomé trade and aid pact...

Wolff may be split up for sale

By Stefan Wagstyl NORANDA, the hard-pressed Canadian mining group, is considering splitting up Rudolf Wolff, the London trading subsidiary which it has put up for sale.

Gatt forecasts dearer meat

BY WILLIAM DULLFORCE IN GENOVA

MEAT PRICES should pick up in 1986 after being depressed for several years, according to the annual report on international meat markets published today by the General Agreement on Tariffs and Trade (GATT).

Output of pork, poultry and sheepmeat is expected to continue to expand though more slowly. Consumption of pork and poultry will increase further but not as sharply as in 1985.

adopted, the report notes, some 500,000 tonnes of the equivalent of 150,000 tonnes of beef will be slaughtered and some 250,000 dairy cows will be "reconverted" to breeding cows.

LONDON MARKETS

ZINC PRICES on the London Metal Exchange continued to slide yesterday as producers announced a new round of cuts in their European selling prices.

INDICES FINANCIAL TIMES

Table with columns for various indices: FTSE 100, FTSE 250, etc. with values for Feb 11 and Feb 10.

US MARKETS

GOLD AND silver recovered from early weakness on renewed US-UK exchange tension. Dollar weakness and resumed, later denied, that Mexico would declare a moratorium on its debt, reports Helms Commodities.

ORANGE JUICE 16,000 lb. cwt./lb.

Table showing orange juice prices for various months (March, April, May, etc.) with high and low values.

Soviet Union attacks West over oil price slide

THE SOVIET UNION, the world's largest oil producer, yesterday made its first complaint over the price slide in oil.

India allows private exports of raw cotton

THE INDIAN Government is allowing private traders to export raw cotton for the first time in 15 years, breaking the monopoly of the government-owned Cotton Corporation of India (CCI) and provincial co-operative marketing organisations.

Peter Blackburn on efforts to tailor the crop to British tastes

Peter Blackburn on efforts to tailor the crop to British tastes Ivory Coast strives for cocoa quality

Ivory Coast strives for cocoa quality

THE Ivorian Government plans in the near future to set up a committee to monitor a British-inspired experimental programme to improve the quality of the country's cocoa, and to propose how it might be extended nationally, according to officials.

ALUMINIUM

Table showing aluminium prices for various grades and months.

COFFEE

Table showing coffee prices for various types and months.

NEW YORK

Table showing various commodity prices in New York.

CHICAGO

Table showing various commodity prices in Chicago.

LEAD

Table showing lead prices for various grades and months.

COCOA

Table showing cocoa prices for various types and months.

COTTON

Table showing cotton prices for various grades and months.

SOYABEAN

Table showing soybean prices for various grades and months.

ZINC

Table showing zinc prices for various grades and months.

GOLD

Table showing gold prices for various types and months.

WHEAT

Table showing wheat prices for various grades and months.

POTATOES

Table showing potato prices for various grades and months.

SILVER

Table showing silver prices for various grades and months.

GRAINS

Table showing various grain prices.

SOYABEAN MEAL

Table showing soyabean meal prices.

SPOT PRICES

Table showing various spot prices for different commodities.

MEAT

Table showing various meat prices.

WHEAT

Table showing wheat prices for various grades and months.

SUGAR

Table showing sugar prices for various grades and months.

GAS OIL FUTURES

Table showing gas oil futures prices.

Handwritten signature or mark at the bottom of the page.



CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar continues to retreat

The dollar fell below Sfr 2.00 against the Swiss franc in European foreign exchange trading yesterday, for the first time in three years. This continued the trend seen in New York over the night, when the dollar closed at Sfr 1.9855.

NEW YORK

The yen remained in the van of currencies rising against the dollar, but the Swiss franc was also in demand. This appeared to be something of a catching up process, after the franc has tended to lag behind the yen and D-mark recently.

There were no new factors, and trading was quiet, with banks in Frankfurt closing around noon for Carnival celebrations. In the Far East, Hong Kong and Singapore remained on holiday for the Chinese New Year, and the dollar was closed for a public holiday.

FINANCIAL FUTURES

US bonds firm

Dollar denominated interest rate contracts were firmer on the London International Financial Futures Exchange yesterday. Falling oil prices gave US Treasury bond futures a boost, continuing a process begun overnight in Chicago.

March delivery Treasury bonds traded at 85-04, and closed at 85-25, compared with 85-02 on Monday. Eurodollars for March delivery rose to 81-85 from 81-82, after touching a peak of 82-00.

LONDON

20-YEAR 12% NATIONAL GILT £50,000 2 1/2% of 100% Close High Low Prev

March 110-00 110-00 109-28 110-20
June 115-28 115-28 115-00 115-11
Sept 111-18 111-18 111-00 111-11

US TREASURY BONDS \$% \$100,000 2 1/2% of 100% Close High Low Prev

March 85-00 85-04 85-22 85-28
June 86-24 86-08 86-17 86-28
Estimated volume 5,736 (2,638)

CHICAGO US TREASURY BONDS (CST) \$% \$100,000 2 1/2% of 100% Close High Low Prev

March 85-00 85-04 85-22 85-28
June 86-24 86-08 86-17 86-28
Estimated volume 5,736 (2,638)

FT-SE 100 INDEX £25 per last index point Close High Low Prev

March 147.50 148.00 147.00 148.00
June 147.50 148.00 147.00 148.00

THREE-MONTH EURO-DOLLAR \$1m points of 100% Close High Low Prev

March 81-85 81-85 81-85 81-85
June 81-85 81-85 81-85 81-85

THREE-MONTH EURO-DOLLAR \$1m points of 100% Close High Low Prev

March 81-85 81-85 81-85 81-85
June 81-85 81-85 81-85 81-85

LIFFE-STERLING £25,000 per £ Close High Low Prev

March 147.50 148.00 147.00 148.00
June 147.50 148.00 147.00 148.00

LIFFE-STERLING £25,000 per £ Close High Low Prev

March 147.50 148.00 147.00 148.00
June 147.50 148.00 147.00 148.00

LIFFE-STERLING £25,000 per £ Close High Low Prev

March 147.50 148.00 147.00 148.00
June 147.50 148.00 147.00 148.00

LIFFE-STERLING £25,000 per £ Close High Low Prev

March 147.50 148.00 147.00 148.00
June 147.50 148.00 147.00 148.00

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March 147.50 148.00 147.00 148.00
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LIFFE-STERLING £25,000 per £ Close High Low Prev

March 147.50 148.00 147.00 148.00
June 147.50 148.00 147.00 148.00

LIFFE-STERLING £25,000 per £ Close High Low Prev

CURRENCY MOVEMENTS

Feb. 10 Bank of Morgan's index Change %

Starting 74.2 -17.4
U.S. dollar 182.9 +12.2

Canadian dollar 79.3 +1.9
Austrian schilling 122.5 +6.5

Belgian franc 94.2 -3.1
Dutch guilder 152.4 +12.1

French franc 131.8 +7.9
German mark 101.7 +1.7
Italian lira 187.7 +7.7

Morgan Guaranty change: average 1980-1982=100, Bank of England index (base average 1976=100).

Other currencies Feb. 11 £ \$

Argentine 1,130.8 1,131.0 0.8010
Austria 13.080 13.080 0.0000

Canada 1.000 1.000 0.0000
Denmark 16.078 16.078 0.0000

France 6.559 6.559 0.0000
Germany 1.376 1.376 0.0000

Italy 1,615 1,615 0.0000
Japan 160.0 160.0 0.0000

Netherlands 2.036 2.036 0.0000
New Zealand 1.540 1.540 0.0000

Portugal 200.0 200.0 0.0000
Spain 166.6 166.6 0.0000

Sweden 4.746 4.746 0.0000
Switzerland 1.483 1.483 0.0000

UK 1.000 1.000 0.0000
USA 1.000 1.000 0.0000

Yen 160.0 160.0 0.0000

DM 1.936 1.936 0.0000

Sfr 2.000 2.000 0.0000

Yen 160.0 160.0 0.0000

DM 1.936 1.936 0.0000

Sfr 2.000 2.000 0.0000

Yen 160.0 160.0 0.0000

DM 1.936 1.936 0.0000

Sfr 2.000 2.000 0.0000

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Sfr 2.000 2.000 0.0000

Yen 160.0 160.0 0.0000

DM 1.936 1.936 0.0000

Sfr 2.000 2.000 0.0000

Yen 160.0 160.0 0.0000

POUND SPOT-FORWARD AGAINST POUND

Feb 11 Day's spread Close One month % Three months %

US 1.4020-1.4140 1.4115-1.4225 0.23-0.30 pc 4.38 1.28-1.50pm 4.42

Canada 1.3600-1.3720 1.3695-1.3775 0.14-0.04 pc 0.25 0.30-0.37pm 0.28

Netherlands 2.774-2.794 2.784-2.794 0.14-0.04 pc 1.58 20-16pm 1.34

Belgium 88.28-88.38 88.33-88.43 0.05-0.05 pc 3.28 11-10pm 3.28

France 166.28-166.38 166.33-166.43 0.05-0.05 pc 2.20 14-14pm 2.20

Germany 1.936-1.946 1.941-1.951 0.05-0.05 pc 7.61 6-10pm 7.63

Italy 166.28-166.38 166.33-166.43 0.05-0.05 pc 2.20 14-14pm 2.20

Japan 160.0-160.0 160.0-160.0 0.00-0.00 pc 0.28 14-14pm 0.28

Spain 166.28-166.38 166.33-166.43 0.05-0.05 pc 2.20 14-14pm 2.20

Sweden 4.746-4.756 4.751-4.761 0.05-0.05 pc 1.28 14-14pm 1.28

Switzerland 1.483-1.493 1.488-1.498 0.05-0.05 pc 0.71 5-10pm 0.71

UK 1.000-1.000 1.000-1.000 0.00-0.00 pc 0.28 14-14pm 0.28

USA 1.000-1.000 1.000-1.000 0.00-0.00 pc 0.28 14-14pm 0.28

Yen 160.0-160.0 160.0-160.0 0.00-0.00 pc 0.28 14-14pm 0.28

DM 1.936-1.946 1.941-1.951 0.05-0.05 pc 7.61 6-10pm 7.63

Sfr 2.000-2.010 2.005-2.015 0.05-0.05 pc 0.28 14-14pm 0.28

Yen 160.0-160.0 160.0-160.0 0.00-0.00 pc 0.28 14-14pm 0.28

DM 1.936-1.946 1.941-1.951 0.05-0.05 pc 7.61 6-10pm 7.63

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DM 1.936-1.946 1.941-1.951 0.05-0.05 pc 7.61 6-10pm 7.63

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DM 1.936-1.946 1.941-1.951 0.05-0.05 pc 7.61 6-10pm 7.63

Sfr 2.000-2.010 2.005-2.015 0.05-0.05 pc 0.28 14-14pm 0.28

Yen 160.0-160.0 160.0-160.0 0.00-0.00 pc 0.28 14-14pm 0.28

DM 1.936-1.946 1.941-1.951 0.05-0.05 pc 7.61 6-10pm 7.63

OTHER CURRENCIES

Feb. 11 £ \$

Argentine 1,130.8 1,131.0 0.8010
Austria 13.080 13.080 0.0000

Canada 1.000 1.000 0.0000
Denmark 16.078 16.078 0.0000

France 6.559 6.559 0.0000
Germany 1.376 1.376 0.0000

Italy 1,615 1,615 0.0000
Japan 160.0 160.0 0.0000

Netherlands 2.036 2.036 0.0000
New Zealand 1.540 1.540 0.0000

Portugal 200.0 200.0 0.0000
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Yen 160.0 160.0 0.0000

DM 1.936 1.936 0.0000

Sfr 2.000 2.000 0.0000

Yen 160.0 160.0 0.0000

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Sfr 2.000 2.000 0.0000

Yen 160.0 160.0 0.0000

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Sfr 2.000 2.000 0.0000

Yen 160.0 160.0 0.0000

DM 1.936 1.936 0.0000

Sfr 2.000 2.000 0.0000

Yen 160.0 160.0 0.0000

DM 1.936 1.936 0.0000

Sfr 2.000 2.000 0.0000

Yen 160.0 160.0 0.0000

DM 1.936 1.936 0.0000

Sfr 2.000 2.000 0.0000

Yen 160.0 160.0 0.0000

DM 1.936 1.936 0.0000

Sfr 2.000 2.000 0.0000

DOLLAR SPOT-FORWARD AGAINST DOLLAR

Feb 11 Day's spread Close One month % Three months %

UK 1.4020-1.4140 1.4115-1.4225 0.23-0.30 pc 4.38 1.28-1.50pm 4.42

Canada 1.3600-1.3720 1.3695-1.3775 0.14-0.04 pc 0.25 0.30-0.37pm 0.28

Netherlands 2.774-2.794 2.784-2.794 0.14-0.04 pc 1.58 20-16pm 1.34

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Germany 1.936-1.946 1.941-1.951 0.05-0.05 pc 7.61 6-10pm 7.63

Italy 166.28-166.38 166.33-166.43 0.05-0.05 pc 2.20 14-14pm 2.20

Japan 160.0-160.0 160.0-160.0 0.00-0.00 pc 0.28 14-14pm 0.28

Spain 166.28-166.38 166.33-166.43 0.05-0.05 pc 2.20 14-14pm 2.20

Sweden 4.746-4.756 4.751-4.761 0.05-0.05 pc 1.28 14-14pm 1.28

Switzerland 1.483-1.493 1.488-1.498 0.05-0.05 pc 0.71 5-10pm 0.71

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Yen 160.0-160.0 160.0-160.0 0.00-0.00 pc 0.28 14-14pm 0.28

DM 1.936-1.946 1.941-1.951 0.05-0.05 pc 7.61 6-10pm 7.63

Sfr 2.000-2.010 2.005-2.015 0.05-0



BRITISH FUNDS

Table of British Funds with columns for Name, Stock, Price, Dividend, and Yield.

Five to Fifteen Years

Table of funds categorized by maturity (Five to Fifteen Years).

Over Fifteen Years

Table of funds categorized by maturity (Over Fifteen Years).

Undated

Table of undated funds.

Govt. Bank and Overseas

Table of Government, Bank, and Overseas funds.

Commonwealth & African Loans

Table of Commonwealth and African Loans funds.

Loans

Table of various loan funds.

Public Board and Ind.

Table of Public Board and Industrial funds.

Financials

Table of financial funds.

Foreign Bonds & Rails

Table of Foreign Bonds and Rails funds.

AMERICANS - Cont.

Table of American stocks (continued).

Canadians

Table of Canadian stocks.

Banks, HP & Leasing

Table of Banks, HP, and Leasing stocks.

Beers, Wines & Spirits

Table of Beers, Wines, and Spirits stocks.

Building, Timber, Roads

Table of Building, Timber, and Roads stocks.

Americans

Table of American stocks.

LONDON SHARE SERVICE

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, and Roads stocks (continued).

DRAPERY & STORES - Cont.

Table of Drapery and Stores stocks (continued).

ELECTRICALS

Table of Electrical stocks.

CHEMICALS, PLASTICS

Table of Chemicals and Plastics stocks.

DRAPERY AND STORES

Table of Drapery and Stores stocks.

ENGINEERING

Table of Engineering stocks.

ENGINEERING - Continued

Table of Engineering stocks (continued).

HOTELS AND CATERERS

Table of Hotels and Caterers stocks.

ENGINEERING

Table of Engineering stocks.

ENGINEERING - Continued

Table of Engineering stocks (continued).

INDUSTRIALS - Continued

Table of Industrial stocks (continued).

FOOD, GROCERIES, ETC.

Table of Food, Groceries, etc. stocks.

HOTELS AND CATERERS

Table of Hotels and Caterers stocks.

INDUSTRIALS (Miscel.)

Table of Miscellaneous Industrial stocks.

Handwritten note: 'He'll not do'



INDUSTRIALS—Continued

Table of industrial stocks including companies like Shell, BP, and various manufacturing firms with columns for stock price, dividends, and other financial metrics.

LEISURE—Continued

Table of leisure and consumer goods stocks including companies like Bata, Cadbury, and various retail chains.

PROPERTY—Continued

Table of property and real estate related stocks including companies like British Land, National Westminster, and various development firms.

INVESTMENT TRUSTS—Cont.

Table of investment trusts such as British American, British Overseas, and various international funds.

FINANCE, LAND—Cont.

Table of finance and land-related stocks including banks, insurance companies, and landowners.

MINES—Continued

Table of mining stocks including companies like Anglo-American, De Beers, and various metal miners.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Leyland, BSA, and various automotive parts suppliers.

COMMERCIAL VEHICLES

Table of commercial vehicle stocks including companies like Leyland, Daimler, and various truck manufacturers.

SHIPPING

Table of shipping stocks including companies like P&O, Cunard, and various shipping lines.

SHOES AND LEATHER

Table of shoes and leather goods stocks including companies like Bata, Clarks, and various footwear manufacturers.

OVERSEAS TRADERS

Table of overseas trading stocks including companies like Anglo-Siam, Anglo-Netherlands, and various international traders.

PLANTATIONS

Table of plantation stocks including companies like Guthrie & Co., Guthrie & Co., and various rubber and sugar plantations.

INSURANCES

Table of insurance stocks including companies like British Overseas Assurance, British American Assurance, and various insurance providers.

PROPERTY

Table of property stocks including companies like British Land, National Westminster, and various real estate firms.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks including companies like British American, British Overseas, and various investment funds.

FINANCE, LAND, etc

Table of finance, land, and other stocks including companies like British American, British Overseas, and various financial institutions.

MINES

Table of mining stocks including companies like Anglo-American, De Beers, and various metal miners.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks including companies like Anglo-Irish, Anglo-Northern, and various regional firms.

Notes and disclaimers regarding the accuracy of the data and the responsibility of the publisher.



LONDON STOCK EXCHANGE

MARKET REPORT

Account Dealing Dates

Option
\*First Declara- Last Account
Dealings Dealing Day
Jan 27 Feb 6 Feb 7 Feb 17
Feb 10 Feb 20 Feb 21 Mar 3
Feb 24 Mar 6 Mar 7 Mar 17

Oil price concern imparts restraint and equity leaders ease back

Sharply lower North Sea oil prices imparted restraint to London markets yesterday and foiled an attempt by the FT Ordinary share index to breach 1200. Leading stocks improved initially on the back of Wall Street, which established another record level on Monday, but the oil price developments soon brought a change of tack. Brent crude dropped over \$1 per barrel in the wake of weaker US oil futures: the latter were reportedly affected by the UK Energy Secretary's reiteration of Government policy not to interfere with North Sea production levels.

formed in a similar fashion with Barclays closing unaltered at 485p, after 485p, and Lloyds 3 cheaper at 458p, after 458p. NatWest hardened a couple of pence to 680p, after 678p. Among merchant banks, Rothschild hardened a couple of pence to 111p and the warrants added 3 at 40p.

Speculative activity among Composites waned considerably in the absence of any bid developments. Commercial Union, particularly favoured of late amid rumours that US arbitrator Ivan Boesky had accumulated a 3 per cent stake, softened a couple of pence to 268p, after 265p. General Accident lost 7 at 758p and Sun Alliance relinquished 5 at 605p.

Allied-Lyons rose 5 to 285p following confirmation of the merger between its British soft drinks subsidiary and Canada Dry 354p, while Newarthill rose 10 to 855p and John Laing firm 3 to 328p. Elsewhere, press comment lifted McCarthy and Stone 15 to 267p, while fresh demand left Heywood Williams 7 higher at 175p. Against the trend, Wiggin encountered scrappy selling and shed 5 to 41p, while A&E Satellite fell 18 to 117p following comment on the interim results.

GUS good again

ICI opened a few pence higher on Wall Street influences, but slipped back in the absence of a similar rise in the FTSE 100 share index. Conventional Gils eased a fraction yesterday, but index-linked stocks made limited progress on light demand.

Midland dip and rally

Initially vulnerable to further profit-taking in the wake of the sharp rise which greeted Friday's news of the sale of Crocker National to Wells Fargo, Midland rallied smartly from a dull level of 489p to a steady 495p on balance at 490p as buyers reappeared. Other clearers per-

FINANCIAL TIMES STOCK INDICES

Table with columns: Index, Feb 11, Feb 10, Feb 7, Feb 6, Feb 5, Feb 4, Year ago. Rows include Government Secs, Fixed Interest, Gold Mines, Ord. Div. Yield, Earnings, P/E Ratio, Total Bargains, Equity Turnover, and Shares Traded.

HIGHS AND LOWS

Table with columns: Index, High, Low, Since Completion, INDICES, Feb 10, Feb 7. Rows include Govt. Secs, Fixed Int, Ordinary, and Gold Mines.

S.E. ACTIVITIES

Table with columns: Index, High, Low, Daily Gains, Daily Losses, Daily Range, and Daily Volume. Rows include Govt. Secs, Fixed Int, Ordinary, and Gold Mines.

Limited to a few pence, but Metal Box, a particularly good market of late, encountered profit-taking and gave up 10 to 655p, while Reckitt and Colman also raising market recently, shed 16 to 690p. Pilkington, reflecting a flurry of speculative activity, resisted the trend and put on 10 to 370p. Elsewhere, Bestobell continued to reflect bid hopes and advanced 15 more to 280p, after 265p, while Staffordshire Potteries, still on talk of a large stake changing hands, improved 5 further to 89p for a two-day gain of 28. UKO International edged up 6 more to 125p, but profit-taking clipped 15 from Parkland Group at 280p and left Bristland 10 up at 365p after 350p. Scotch Whisky Holdings fell 4 to 78p on sharply lower interim profits, while United Packaging, also on the half-year figures, and rose 5 to 115p. The FTSE 100 rose 11 to 226p, but Freshwater turned reactionary and fell 10 to 125p along with the other 100.

MEPC remained firmly in the limelight in Properties, rising a further 10 to 322p on continuing speculation about a possible bid from Trafalgar House, 3 cheaper at 319p. Other leading issues also gained ground, but settled a shade below the best in places. 1350 Scotch Whisky Holdings fell 4 to 78p on sharply lower interim profits, while United Packaging, also on the half-year figures, and rose 5 to 115p. The FTSE 100 rose 11 to 226p, but Freshwater turned reactionary and fell 10 to 125p along with the other 100.

South African Financials were barely touched, but Platinum registered early progress before turning easier. Rustenburg Platinum closed the session up on balance at 661p while Impala hardened a few pence to 665p.

Traded options

Lorho returned to the fore in Traded Options with 1,537 calls transacted, the February 22's and May 22's accounting for 517 and 511 trades respectively. Lorho was also in demand and recorded 1,180 calls, 477 of which were struck in the March 30's, while a lively and evenly-balanced business developed in Imperial Group which attracted 1,272 calls and 763 puts. Total contracts done amounted to 17,530.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, and the Institute of Actuaries and the Faculty of Actuaries

Table with columns: Index, Day's % Change, Est. Yield, Est. P/E Ratio, etc. Rows include EQUITY GROUPS & SUB-SECTIONS, FT-SE 100 SHARE INDEX, and FIXED INTEREST.

FIXED INTEREST

Table with columns: Index, Day's % Change, Est. Yield, Est. P/E Ratio, etc. Rows include FT-SE 100 SHARE INDEX, EQUITY GROUPS & SUB-SECTIONS, and FIXED INTEREST.

EQUITIES

Arrow returned to prominence with a gain of 4 to 139p following a "buy" recommendation from brokers de Zoete and Bevan and vague suggestions of a bid from Royal Insurance.

The rally by leading oils over the previous two trading sessions was brought to a halt by the downturn in North Sea oil prices. Selling pressure was by no means heavy but persistent offerings unsettled sentiment in the sector and BP dropped 13 to 860p, after 848p, while Shell closed 15 off at 663p. British lost 8 to 185p, LAMCO gave up 7 to 140p, and Ultra-mar fell 6 to 210p.

Quiet mines

Mining markets put on a decidedly lacklustre showing and did little more than trade in time in extremely subdued trading. South African Golds opened on a slightly easier note, reflecting the poor performance by the bullion price in the US overnight which carried over into inter-trading in London.

South African Financials were barely touched, but Platinum registered early progress before turning easier. Rustenburg Platinum closed the session up on balance at 661p while Impala hardened a few pence to 665p.

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RECENT ISSUES

EQUITIES

Table with columns: Issue Price, High, Low, Stock, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

FIXED INTEREST STOCKS

Table with columns: Issue Price, High, Low, Stock, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

RIGHTS OFFERS

Table with columns: Issue Price, High, Low, Stock, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

YESTERDAY'S ACTIVE STOCKS

Table with columns: Stock, Day's % Change, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

RISES AND FALLS YESTERDAY

Table with columns: Stock, Rise/Fall, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

NEW HIGHS AND LOWS FOR 1985/6

Table with columns: Stock, High, Low, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

MONDAY'S ACTIVE STOCKS

Table with columns: Stock, Day's % Change, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

TRADITIONAL OPTIONS

Table with columns: First Deal, Last Deal, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns: Series, Vol., Last, etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

LONDON TRADED OPTIONS

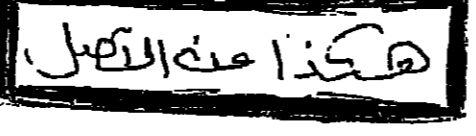
Table with columns: Option, Apr., July, Oct., etc. Rows include Anglo-Norfolk, Cable & Wireless, etc.

TOTAL VOLUME IN CONTRACTS: 31,995

February 12 Total contracts 17,680 Call 12,406 Put 5,274



WORLD STOCK MARKETS



AUSTRIA

Table of Austrian stock prices including companies like Creditanstalt, Erste Bank, and others.

GERMANY

Table of German stock prices including companies like Allianz, BASF, and Siemens.

SPAIN

Table of Spanish stock prices including companies like Banco de España, Telefónica, and others.

NETHERLANDS

Table of Dutch stock prices including companies like ABN, Shell, and others.

FRANCE

Table of French stock prices including companies like Air France, Bouygues, and others.

NORWAY

Table of Norwegian stock prices including companies like Aker, Statoil, and others.

SWEDEN

Table of Swedish stock prices including companies like Astra, Volvo, and others.

SWITZERLAND

Table of Swiss stock prices including companies like Nestlé, Novartis, and others.

WEST GERMANY

Table of West German stock prices including companies like Volkswagen, Bayer, and others.

AUSTRALIA (continued)

Table of Australian stock prices including companies like BHP, Rio Tinto, and others.

HONG KONG

Table of Hong Kong stock prices including companies like HSBC, Citicorp, and others.

JAPAN

Table of Japanese stock prices including companies like Daiichi Kangyo Bank, Dai Nippon Bank, and others.

NEW ZEALAND

Table of New Zealand stock prices including companies like ASX, NZS, and others.

INDONESIA

Table of Indonesian stock prices including companies like PT Bank, PT Telekom, and others.

INDONESIA (continued)

Table of Indonesian stock prices including companies like PT Bank, PT Telekom, and others.

CANADA

TORONTO

Table of Toronto stock prices including companies like Alcan, Inco, and others.

OTTAWA

Table of Ottawa stock prices including companies like Bell Canada, and others.

QUEBEC

Table of Quebec stock prices including companies like Alcan, and others.

WINDSOR

Table of Windsor stock prices including companies like Ford, and others.

WATERLOO

Table of Waterloo stock prices including companies like Bell Canada, and others.

INDICES

Table of various stock indices including NYSE, FTSE, and others.

MONTREAL

Table of Montreal stock prices including companies like Alcan, and others.

INDICES

Table of Montreal stock indices.

NEW YORK

Table of New York stock prices including companies like IBM, AT&T, and others.

STANDARD AND POORS

Table of Standard and Poors stock prices including companies like IBM, AT&T, and others.

INDICES

Table of various stock indices including NYSE, FTSE, and others.

INDONESIA

Table of Indonesian stock prices including companies like PT Bank, PT Telekom, and others.

INDONESIA (continued)

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NOTES - Prices on this page are quoted on the individual exchanges and are last traded prices...

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Large table of over-the-counter stock prices including companies like Intel, Microsoft, and others.

Chief price changes

LONDON (in pence unless otherwise indicated)

Table of London stock price changes categorized by sectors like RISKS, UNDERWOODS, FALLS, etc.

NORTH AMERICAN QUARTERLY RESULTS

Table of quarterly financial results for various North American companies like TWC, Williams-Sonoma, etc.

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FINANCIAL TIMES EUROPE'S BUSINESS NEWSPAPER







NYSE COMPOSITE PRICES

Table of NYSE Composite Prices listing various stocks with columns for stock name, price, and change. Includes sub-sections like 'Continued From Page 38' and 'AMSTERDAM/DELFT/EINDHOVEN'.

AMEX COMPOSITE PRICES

Prices at 3pm, February 11

Table of AMEX Composite Prices listing various stocks with columns for stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market, 2.30pm prices

Table of Over-the-Counter prices listing various stocks with columns for stock name, price, and change.

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# FINANCIAL TIMES

## WORLD STOCK MARKETS

### WALL STREET

## Enthusiasm begins to cool down

THE IMPLICATIONS of falling oil prices on Latin American economies cooled some of Wall Street's enthusiasm yesterday, writes Terry Byland in New York.

An attempt by stocks to renew their advance was checked after Mexico's Foreign Minister said some South American countries would meet this month to discuss the "commodity crisis."

Credit markets opened firmly as the Fed Open Market Committee (FOMC) met to discuss policy, but gains in bonds were trimmed. Market analysts expect the FOMC to leave credit policies unchanged and to allow falling oil prices to keep rates low in the short term.

At 3pm, the Dow Jones industrial average was 3.58 down at 1,622.82. There was heavy turnover in the big three motor stocks as Wall Street continued to forecast a recovery in sales over the next six months as lower oil prices and interest rates boosted customer demand.

General Motors, at \$78, gained a further \$1, with more than 1m shares traded at mid-session. Equally active were Ford, \$24 up at \$68 and Chrysler, \$14 up at \$53.

Both oil and bank stocks held steady despite the implications of falling oil prices. Exxon, encouraged by comment in the investment press, which drew attention to the company's record of riding out hard times, gained 3/4 to \$50.4. Technology stocks played a more subdued role than in recent sessions. IBM, down 3/4 at \$156, was heavily traded and tried to move forward at mid-session. Digital Equipment gave up 5/8 of recent gains to stand at \$158, while Burroughs, down 3/4 at \$80 and Honeywell, unchanged at \$78, saw little trade.

Eastman Kodak fell 3/4 to \$48 on heavy selling after reducing its profits forecast.

Semiconductor issues continued to hold firm, with Motorola gaining 3/4 to \$45 as the market again responded to reports of a recovery in semiconductor sales.

The money centre banks were mostly firm despite delays in Mexico's efforts to obtain new loans from the IMF as the fall in oil prices threatens debt interest payments.

Chase Manhattan gained 5/8 to \$73 and Citicorp \$1 to \$50. Wells Fargo gained a further \$1 to \$75 as Wall Street continued to take a favourable view of the purchase of Crocker, the troubled Californian offshoot of Midland Bank of the UK.

Airlines showed a more mixed response to the renewed weakness in fuel prices. United jumped \$1 to \$58 as the purchase of Pan Am's Pacific routes became effective. At \$9, Pan Am stock remained unchanged, just below the 52-week high.

The other domestic airlines turned

easier as some profits were taken. Northwest Air at \$48 shed 3/4.

The NYSE actives were headed by Johnson & Johnson, which plunged sharply after Great Atlantic & Pacific, the major supermarket chain, removed Johnson's Tylenol product from sale following an unexplained cyanide poisoning death.

Other features included a strong surge in CBS, up 3/4 at \$119 following the profits statement. Mesa Petroleum added 3/4 to \$24 in heavy turnover after bidding for KN Energy, a natural gas and pipeline company. Texas Oil & Gas added 5/8 to \$14 as the merger with US Steel was consummated.

Press reports that sales at major retailers had slowed brought falls of 3/4 to \$40 in Sears, Roebuck, of 3/4 to \$38 in K mart and of 3/4 to \$66 in Federated Department Stores.

The latest dip in the US dollar continued to help pharmaceutical issues, although gains were modest. Merck edged up 3/4 to \$143 and Pfizer 3/4 to \$50.

A rise of \$1 to \$78 in McDonnell Douglas featured a strong defence/aerospace sector. Morton Thiokol eased 3/4 to \$33 as the enquiry into the shuttle disaster continued.

In the credit markets, the Fed acted to drain reserves by means of overnight matched sales - its first overt action in the market for several days. However, the move was regarded as technically motivated and not as a sign of any change of policy at the FOMC meeting.

Short-term rates eased again behind a federal funds rate at 7 1/2 per cent. In the bond market, prices rose sharply at first when petroleum futures gave ground but slipped off their best levels when retail interest remained thin.

### EUROPE

## Carnival, snowballs and peaks

DIVERGENT PATHS were taken in Europe yesterday as some centres snowballed their way to new peaks while others, sated with Carnival excess, slid into a subdued backwater.

Milan gained further strength on the back of professional speculation with a particular penchant for blue-chip industrial, insurance and banking issues.

The prospect of short-term political uncertainty, against a background of the media extravaganza in the Palermo Mafia trials, was largely ignored by investors and many of the leading stocks that have been in the vanguard of the current rally were given an extra boost.

Fiat, certainly one of the ever-green blue-chips among international buyers, crossed the L7,000 threshold for the first time with a L25 gain to L7,024. Saia, meanwhile, took this as a cue and dashed over the L6,000 boundary with its L1,111 rise to L6,055.

Montedison added to the previous session's modest advance with a L51 gain to L2,920.

The banking sector, although mixed by the close and more so in after-bourse trading, saw Mediobanca sparkle with a dramatic L4,000 jump to a record L154,000.

Insurers staged a repeat performance of the previous session with Generali gaining L800 to L84,300 and Ras rising

L1,025 to L174,000. Toro continued lower with a further L250 setback to L29,800.

IFI, the holding company of the Agnelli family, picked up L460 to L16,100 while CIR, the De Benedetti holding group, held steady at L7,600 despite sharply higher 1985 results.

The Banca Commerciale index added 2.4 to a record 504.80.

In the bond market, secondary bond prices were little changed in stagnant trading.

Paris gathered momentum and finished at its third consecutive peak with

a 5.5 rise in the CAC General index at 293.6.

Long considered the Cinderella of the European bourses, recent heavy buying by foreigners seems certain to transform the short-term attractions of the French equity market. Yesterday's performance was as much attributable to Monday's record-breaking run in the world's three largest exchanges - Wall Street, Tokyo and London - as to the French industrial figures which focused domestic and overseas interest on the likely profit performance of some lead-

ing industrials during the current year.

Peugeot was one of the front-runners, building on the previous session's sharp gains. The motor group's share price, which surged FFf 54 to FFf 690, has risen almost 14 per cent in two days.

The construction sector was active, but mixed, again.

Restricted trading in Frankfurt due to the pre-Lent Carnival festivities, inhibited any exuberant market display and most issues traded in a narrow range. The Commerzbank index reflected the hesitant tone with its 3.6 slip to 2,027.5.

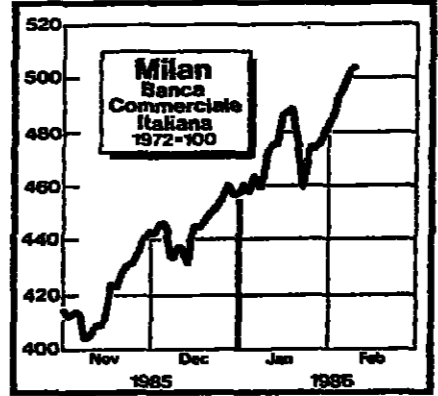
Commerzbank, under a cloud since its two-for-15 rights issues, recovered DM 6 to DM 368 while Deutsche Bank, one of the few to display any spirit on Monday, lost DM 2.50 to DM 797.

Hoechst was buoyed by recent successive falls in crude oil prices and thus feedstock costs. It surged 90 pf to DM 287 while Schering posted a DM 6 rise to DM 578 in response to record 1985 profits.

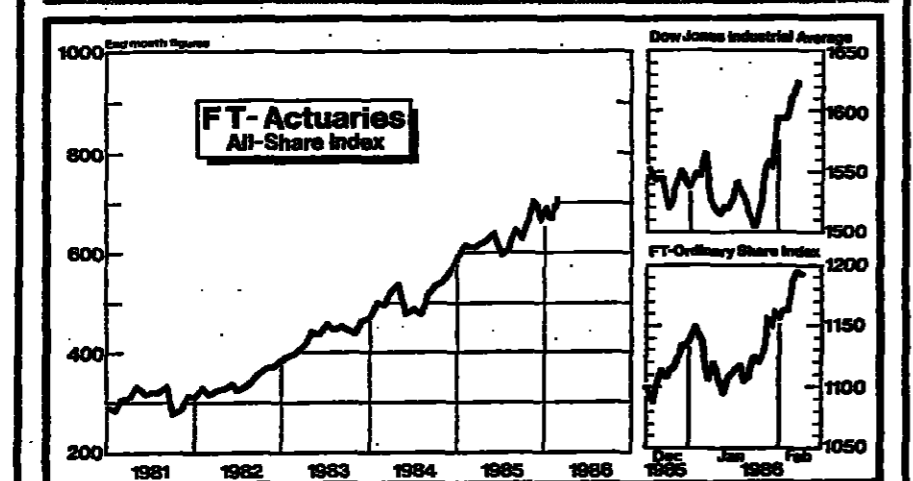
A flood of foreign interest in the bond market boosted prices by up to 30 basis points. Lited domestic activity was evident. The Bundesbank sold a large DM 139.8m worth of paper compared with Monday's purchases of DM 9.5m.

Carnival took its toll in Amsterdam with Royal Dutch unsettling the otherwise slightly mixed mood. The oil group lost FI 4.20 to FI 166.20 and diversified chemicals to fibres group Akzo reversed early gains to finish FI 1.10 off at FI 163.70.

Brussels slipped back from its peak. Zurich lost more ground with setbacks for banks and insurers while Stockholm was buoyed by Ericsson results. The telecommunications company firm SKR 5 to SKR 266. Pedestrian trading again featured in a slightly higher Madrid.



### KEY MARKET MONITORS



### STOCK MARKET INDICES

NEW YORK	Feb 11	Previous	Year ago
DJ Industrials	1,622.82	1,626.38	1,276.06
DJ Transport	764.48	767.92	621.24
DJ Utilities	178.50	178.28	149.31
S&P Composite	215.95	216.24	180.51

LONDON	Feb 11	Previous	Year ago
FT Ord	1,191.4	1,185.3	870.1
FT-SE 100	1,453.9	1,461.5	1,287.5
FT-A All-share	707.48	709.37	613.38
FT-A 500	778.03	778.89	689.35
FT Gold mines	326.7	328.3	489.7
FT-A Long gilt	10.53	10.53	10.84

TOKYO	closed	13,226.07	12,000.00
Nikkei	closed	1,056.80	924.45
Tokyo SE			

AUSTRALIA	Feb 11	Previous	Year ago
All Ord.	1,064.5	1,068.9	765.3
Metals & Mins.	514.6	520.0	431.5

AUSTRIA	Feb 11	Previous	Year ago
Credit Aktien	118.21	117.96	82.36

BELGIUM	Feb 11	Previous	Year ago
Belgian SE	3,039.85	3,048.54	2,155.7

CANADA	Feb 11	Previous	Year ago
Toronto	2,188.4	2,215.2	2,184.0
Metals & Mins	2,773.2	2,792.9	2,602.7
Montreal	135.2	136.85	130.88

DENMARK	Feb 11	Previous	Year ago
SE	n/a	227.12	174.25

FRANCE	Feb 11	Previous	Year ago
CAC Gen	293.6	288.1	192.2
Ind. Tendence	110.9	108.7	70.2

WEST GERMANY	Feb 11	Previous	Year ago
FAZ-Aktien	689.75	689.75	399.2
Commerzbank	2,027.5	2,031.1	1,161.4

HONG KONG	Feb 11	Previous	Year ago
Hang Seng	closed	1,734.04	1,357.94

ITALY	Feb 11	Previous	Year ago
Banca Com.	504.80	502.40	273.69

NETHERLANDS	Feb 11	Previous	Year ago
ANP-CBS Gen	254.4	256.2	200.4
ANP-CBS Ind	246.4	248.3	189.5

NORWAY	Feb 11	Previous	Year ago
Oslo SE	385.85	382.11	345.43

SINGAPORE	Feb 11	Previous	Year ago
Straits Times	closed	811.33	808.94

SOUTH AFRICA	Feb 11	Previous	Year ago
JSE Golds	-	1,217.4	848.4
JSE Industrials	-	1,087.5	851.3

SPAIN	Feb 11	Previous	Year ago
Madrid SE	111.25	110.39	83.86

SWEDEN	Feb 11	Previous	Year ago
J & P	1,884.25	1,861.9	1,486.98

SWITZERLAND	Feb 11	Previous	Year ago
Swiss Bank Ind	581.8	584.1	417.2

WORLD	Feb 10	Prev	Year ago
MS Capital Int'l	255.3	253.7	197.1

### LONDON

## Gripped by oil price concerns

RESTRAINT GRIPPED London yesterday as North Sea oil prices moved sharply lower and stocks, which had initially improved, fell back throughout the session.

Brent crude dropped more than \$1 per barrel in the wake of weaker US oil futures.

Speculative high-fliers and situation stocks fell to light profit-taking and banking issues succumbed to concern over Central and Latin American debt problems.

But the main casualties were the oil majors; British Petroleum fell 13p to 550p while Shell gave up 15p to 653p.

The FT-SE 100 share index recovered in late trade to close 7.8 down at 1,453.9 and the FT Ordinary share index settled 3.9 off at 1,191.4 after rising to 1,197.7 at one stage.

Business in gilts contracted ahead of today's subscription for the new tap stock. Conventional gilts eased a fraction but index-linked stocks made limited progress on light demand.

Chief price changes, Page 37; Details, Page 36; Share information service, Pages 34-35

### AUSTRALIA

THE LIFELESS mood persisted in Sydney yesterday and stocks ended easier after light selling pressure.

The All Ordinaries share index faded 4.4 to 1,064.5 while the gold index gave up a substantial 16.2 to 922.8. Declines

Both Hong Kong and Singapore remained closed for the Chinese new year holiday.

outpaced advances 254 to 195 and turnover was light at 47.7m shares.

Industrials, which showed some promise on Monday, succumbed to profit-taking. As investors await news from Bell Resources on its partial bid for BHP, the latter dropped 4 cents to A\$7.14 after 700,000 shares changed hands. Bell Resources eased 20 cents to A\$5.00.

GMK was the heaviest loser among gold issues, ending 30 cents off at A\$8.40. Kidston lost 12 cents to A\$5.74, Remison 10 cents to A\$5.20, while Poseidon and Sons of Gwalia both shed 5 cents to A\$2.05 and A\$3.50 respectively.

News Corporation picked up all of its previous session's losses to close up 30 cents at A\$12.50.

### SOUTH AFRICA

GOLDS and other mining issues were easier in Johannesburg, depressed by the weaker bullion price and the firmer rand.

Southvaal gave up R1.50 to R112 and Free State Geduld shed 25 cents to R68.50. Shareholders of FS Geduld have agreed to the merger of its Orange Free State gold mines.

Elsewhere in the mining sector, Anglo American slid 30 cents to R40.50 but Gencor was steady at R35.25.

### CANADA

WEAKNESS in resource issues hampered any upward movement in Toronto and most sectors were lower at mid-session.

Golds were hit by the lower bullion price. Les Minerals, which ended Monday's session CS1 firmer, traded 35% lower at CS36%.

Canadian Pacific, which reported lower fourth-quarter and full-year profits, led the actives. It gave up CS7 to CS16%.

Industrials, utilities and banks edged lower in Montreal.

### TOKYO

## Institutions poised to make comeback

INSTITUTIONAL INVESTORS, who were forced out of action until recently by the yen's sharp rise against the US dollar and an anticipated worsening of corporate profits, are now poised to return to the Tokyo stock market, writes Shigeo Nishikawa of Jiji Press.

The market regained strength early in February on aggressive buying by individual Japanese investors and securities house dealers, with the Nikkei average reaching peaks on five consecutive sessions from February 4 to February 10.

Institutions, such as life and non-life insurance companies and trust banks, dominated the bull market of last year with their net purchases of ¥1,110bn. Individuals and foreigners were sellers, with their sales outpacing purchases by ¥1,440bn and ¥1,050bn respectively.

In the first four weeks of January, however, institutions' net purchases were a meagre ¥58.5bn and this accounted for the slump in trading volume and the poor market performance early this year.

The absence from the market of many fund managers stemmed from fears of intensifying trade friction with the US and a decline in corporate earnings because of a stronger yen.

Instead, they shifted funds to higher-yielding, short-term financial instruments as the Bank of Japan's attempt to drive up interest rates sent bill discount

and call money rates to the 7 to 8 per cent range.

Many institutions are now returning to the stock market. Mr Hajime Hirashima, senior managing director of Nippon Life Insurance, which has net assets of more than ¥12,000bn, was direct about his company's eagerness to invest in the market. The group wants to earn about

The Tokyo stock market was closed yesterday because of a local holiday.

¥150bn from equities to cover dividend payments to policyholders and make good a value loss on dollar-denominated bonds worth ¥900bn, he said.

Institutional investors will have to divert their funds to the stock market, asserted Mr Yasuharu Yabuta, general manager, Investment Advisory Division of Mitsubishi Trust and Banking Corporation, which manages funds of ¥2,800bn, including ¥2,000bn from pensions.

Mr Yabuta cites three reasons for this belief: the halt in the yen's rise; the advantage of sharply falling oil prices for developed countries; as Wall Street surges through the 1,800 barrier, investors regard Tokyo shares as relatively low-priced.

He added that ahead of the Tokyo summit there is the possibility of Japan reconfirming its commitment to boost

domestic demand through another cut in the official discount rate. His company started buying large-capital shares such as Nippon Steel and blue chips such as Hitachi early in February.

Mr Yukio Nakatsuka, managing director of Daiwa Securities, who has close contact with institutional investors, described the rally in early February as a sign that investors' concern over the likely impact on the economy of the yen's advance and lower crude oil prices had eased. He also believes that institutional investors' attention will gradually return to the stock market.

But many institutions remain cautious. Mr Yabuta agrees with the general market view that the Nikkei average will not find it difficult to break through the 1,800 level. But the index should peak in June and then fall sharply toward the end of the year, he said.

The fact that foreign buying has failed to swell despite the yen's sharp appreciation since late last year may indicate that the stock market has entered a stage of maturing, said Mr Tadashi Kusuma, vice-president of Nomura International Capital Management, which has ¥1,100bn under management.

At any rate, the fortunes of the Tokyo stock market this year are bound to depend much on institutional investors, whose combined share of market turnover is in excess of 50 per cent.

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12th February, 1986